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Austria	52.38	Indonesia	10,000	Philippines	10,000
Belgium	100.00	Iran	10,000	Poland	20,000
Cyprus	100.00	Israel	10,000	Portugal	10,000
Denmark	100.00	Jordan	10,000	Romania	10,000
Egypt	100.00	Kuwait	10,000	Saudi Arabia	10,000
France	100.00	Lebanon	10,000	Spain	10,000
Germany	100.00	Lithuania	10,000	Sweden	10,000
Greece	100.00	Malaysia	10,000	Switzerland	10,000
Hungary	100.00	Norway	10,000	Thailand	10,000
Ireland	100.00	Poland	10,000	Turkey	10,000
Italy	100.00	Romania	10,000	UAE	10,000
		Saudi Arabia	10,000	USA	10,000

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EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

**SOUTH KOREA**  
Turbulent times  
for life assurance  
Page 23

Tuesday November 5 1991

£ D 8523A

World News Business Summary

## Millions join black S African strike

Millions of black South Africans staged what trade unions said was the largest strike in the country's history to demand a greater say in economic policy-making and to protest at the imposition of a 10 per cent value-added tax. Page 20

## Serbia on deadline

EC foreign ministers last night agreed to impose a tough package of sanctions on the whole of Yugoslavia if the republic of Serbia refuses to accept the Community's peace proposals. Page 20. Last hope for a lasting peace. Page 19

## Autobahn jam

A monumental 70km traffic jam on the Nuremberg-Berlin autobahn, caused by a minor traffic accident, left thousands of motorists trapped for up to 18 hours. Page 20

## Gorbachev warning

The Soviet Union is "peering into an abyss", President Mikhail Gorbachev said, warning the Russian leader, Mr Boris Yeltsin, of the dangers of his republic "going it alone". Page 26. West ponders value of shoring up Soviet centre. Page 2

## Army chief sworn in

General Martin Balza was sworn in as Argentina's eighth army chief in as many years, promising to carry out sweeping reform of a force which has resisted all significant change since relinquishing power to politicians in 1983. Page 8

## Pakistan bomb blast

Two people were killed and 10 injured when a bomb exploded in a minibus near the Pakistani city of Gujranwala, 40 miles from Lahore. Page 26

## Guerrillas claim attack

Greece's extreme leftist November 17 guerrilla group said it launched two rockets against a police bus in central Athens at the weekend which killed one policeman and injured eight. Page 26

## Fireworks kill 30

Thirty people were killed at the weekend in fires set off by exploding fireworks being made or sold for India's main Hindu festival. Page 26

## Earthquake strikes Iran

Three earthquakes hit the southwestern Iranian town of Behbahan injuring at least 51 people. Geologists at Tehran University measured the tremors at 4.2 and 4.8 degrees on the Richter Scale. Page 26

## Japan aids Koreans

Japan donated ¥1.7bn (\$13m) through the Red Cross to help South Koreans injured when the US dropped nuclear bombs on Japan during the Second World War. Page 26

## Former king stabbed

Ex-king Zahir Shah of Afghanistan, a figure of legitimate authority for many Afghans, suffered face and stomach wounds when he was stabbed at his home in Rome by an attacker posing as a journalist. Page 26

## Boat people moved

Prison officers moved more than 1,000 Vietnamese from Hong Kong's largest camp for boat people to defuse tension after three days of fighting. Police seized 450 homemade weapons, including spears and knives. Page 26

## Zoo pandas to romance

Bao Bao, Germany's only male panda, will soon be off on a two-year "honeymoon" in Britain to mate with Whipsnade Park Zoo's Ming Ming. Page 26

## Literary prize

France's top literary award, the Prix Goncourt, was won by opera critic and journalist Pierre Combescot for a sprawling tale of working-class Parisian life, "Filles du Calvaire". Page 26

## Prospect of price review at BT angers investors

A consultative document on prices charged by BT, British telecommunications company, is to be issued in January by OfTel, the industry's watchdog for consumers - a month after the UK government sale of a £5bn (\$8.6bn) stake in the company. Page 21

## UK sparks new rift on EC policy

News of the document's timing angered large investors, who said they could buy shares only to find BT's prices and profits subjected to tighter regulation. Page 21

## STERLING

rose to a seven-month high against a dollar weakened by fears of the US economy sliding back into recession. It closed in London at \$1.7805, up from \$1.7485. The Bank of England's sterling

## Dollar

against Sterling (\$ per £)

1.70

1.72

1.74

1.76

1.78

1.80

October 1991 Nov

Source: Datastream

index rose 0.5 to \$1.3. The dollar fell to an eight-month low against the D-Mark. At one stage in London it reached DM1.628 before recovering to close at DM1.632 from DM1.661. Page 28

## NISSAN Motor, Japanese car group in Europe, gained

French government approval to buy Richard Nissan, its French importer and distributor, for FF661m (\$149.47m). Page 21

## SEALINK Stena Line, cross-Channel ferry operator

playing the short sea routes between Britain and France, said it still wanted to pool resources with its rival, P&O European Ferries, against competition from the Channel tunnel, but not until next year. Page 9

## COBALT prices jumped 25 per cent

to \$30 a lb on the free market after rumours spread that Gecamines, Zaire's state-owned mining group and the western world's biggest supplier, had suspended sales. Page 30

## ULTRAMAR, UK-based diversified oil and gas company,

wants an oil-producing country to take an interest in its Quebec refinery as part of its defence against a £1.5bn (\$1.97bn) bid from Lasso, UK exploration company. Page 21, Lex, Page 20

## WARBURG INVESTMENT Trust Co said its yen-denominated Warburg Saliken Fund,

a Japanese investment trust, had raised £155m (\$265m) in its latest period, becoming the largest investment trust sold in Japan on behalf of a foreign-owned manager. Page 29

## BLUE Circle Industries, producer of nearly half the UK's cement,

continued its diversification by paying £18.7m (\$32.18m) for Thermopanel, Sweden's largest radiator producer. Page 22

## AMERICAN Express, reeling from a string of bad debts,

wrote-offs and losses in its Travel Related Services division, was disappointed at a decision by Moody's, US credit rating service, to downgrade \$7bn (\$4.07bn) of its long-term debt. Page 29

## STURGE Holdings, biggest managing and members' agency group at Lloyd's of London insurance market,

is to acquire British American Insurance Agency, a Düsseldorf-based underwriting agency. Page 22

## Pennsylvania promises Bush his 'worst week'

By Lionel Barber in Washington

PRESIDENT George Bush is watching with white knuckles, the Democratic party is watching with fingers crossed. Without doubt, today's race for the vacant US Senate seat in Pennsylvania has turned into the most important event in the political calendar this year.

Thanks to an improbably strong showing by Mr Harris Wofford, a virtual unknown who has wiped out a 40 per

cent gap to run even in the polls, the Democrats have managed to turn the race into a referendum on the Bush administration.

To the more starry-eyed party activists, Pennsylvania may even be a dress rehearsal for the 1992 presidential election.

Senator Phil Gramm of Texas, the usually feisty chairman of the National Republi-

can Senatorial committee, told Mr Bush last week to prepare for a loss. With one eye on continuing criticism of Mr Bush's foreign travels - the president travels to Rome this week for the Nato summit - Mr Gramm advised him to brace himself for "the worst week of his presidency".

Pennsylvania is a big, blue-collar state which, like the rest of the east and west coast, is

still suffering from the recession. It also provides the first test of voter sentiment since Mr Bush's popularity - and his re-election prospects - started to dip in national opinion polls.

Pennsylvania was supposed to be an easy win for Mr Richard Thornburgh, 59, the Republican candidate. A former two-term governor of the state who served as US attorney-general

in the Reagan and Bush administrations, Mr Thornburgh is best known for his cool handling of the Three Mile Island nuclear reactor crisis.

In Washington, he was a lot less clear-headed, at one point strapping himself to a polygraph to prove he was not the source of a news leak.

Mr Thornburgh's aloof approach to campaigning, reminiscent of President Bush, has

allowed Mr Wofford, 65, to snatch the initiative.

A former civil rights aide to President Kennedy and Dr Martin Luther King, Mr Wofford has led a populist crusade to "take care of our own". He stands for national health insurance, federal aid to the middle class through tax cuts, and against a smug, indifferent

Continued on Page 20

## UK sparks new rift on EC policy

By David Gardner in Brussels

THE UK was yesterday isolated from its European Community partners over control of the right of entry into the EC and over social policy, during the first day of an agreement on political union at the Maastricht summit in five weeks' time.

Mr Douglas Hurd, Britain's foreign secretary, in a strongly-worded attack on EC interference over national policies said it was "the apparent wish of the [European] Commission to exert its influence in every nook and cranny of daily life".

Yesterday's disagreement focused on two issues:

● A proposal supported by the other 11 EC states which, for the first time, gives the EC a say over the movements of non-EC nationals within a barrier-free Europe. Under these proposals a short-term visa granted in London, say, would allow automatic entry into the rest of the community;

● Britain's insistence that there be no extension of EC jurisdiction on social policy.

Mr Hurd, who was attending an EC foreign ministers' meeting in Brussels - refused to yield on bringing short-term visa policy into the EC sphere and extending Community jurisdiction in social policy. He added that feeling in Britain showed "a clear distinction between the desire for all to work together and the extension of Community competence". However, he would not be drawn on whether the UK would decide against signing the treaty in Maastricht if control of social policy remained the one outstanding dispute with its partners.

"It is an important point for us, I don't think I want to go any further than that. We do not believe it is in the interest of Britain or other members of the Community to add to EC competence in the social sector."

The EC's Dutch presidency said the compromises rejected by Britain yesterday would be put forward at Maastricht unless the UK could find solutions acceptable to its partners at next week's informal conference of foreign ministers in the Netherlands.

Mr Hans van den Broek, the Dutch foreign minister, said with regard to social issues: "We are still walking on eggs - but none of the eggs has yet been broken."

In a forthright reaction to Mr Hurd's comments, Mr Jacques Delors, the European Commission president, said: "The British official who attended the Maastricht conference in 1985 which paved the way for the EC's founding Treaty of Rome."

Then the British official said he was happy to be leaving the talks "because you are not going to agree anything, and if you do agree anything it will never happen, and if it does happen it will be a disaster".

Control over immigration and social policy are two of the four most sensitive issues for Mr John Major's government, as it fights to channel the revisions to the Treaty of Rome into a direction acceptable to the Tory party as compatible with national sovereignty.

Italy ceases to be a soft touch for immigration. Page 3

## Syria pledges to continue talks

By Hugh Carnegie and Tony Walker in Madrid

SYRIA yesterday pledged to continue peace talks with Israel despite reaching deadlock at the first ever face-to-face negotiations between the two sides.

All parties in the Middle East peace conference left Madrid yesterday after completing their first round of bilateral talks which followed last week's ceremonial opening.

No agreement was reached on when or where to reconvene the three sets of talks between Israel and its Arab foes: Syria, Lebanon, and a joint Jordanian-Palestinian delegation. But all sides said they were prepared to go ahead with the process. A pause of several weeks is now likely while all sides seek agreement on where talks should continue.

Mr Yitzhak Shamir, the Israeli prime minister, said in Jerusalem that the United States and the Soviet Union had given the parties to the talks two weeks in which to resolve the problem over venue. After that point, they would make their own compromise suggestions.

President George Bush of the US said he was pleased with the outcome of the unprecedented meetings. "The talks are progressing well," he said on board Air Force One as he headed for the inauguration of the Ronald Reagan Library in California. "These meetings have broken new ground. In effect they have established a new baseline for considering Middle East problems. There's a long way to go but hope are bright."

Israeli officials said they hoped agreement could be reached quickly with the Jordanian-Palestinian side on a venue in Europe, possibly Cyprus or the Greek islands. The willingness of both sides to move on to substantive talks on Palestinian self-rule was the most positive outcome of the bilateral talks.

But a row over the venue almost spoiled the first round. Syria wanted to stay in Madrid, but Israel refused, suggesting the Middle East, including Israel.



An angry Farouq al-Sharara, Syrian foreign minister, following yesterday's meeting in Madrid. On his right is Syrian chief delegate Muwaffaq al-Ajlal.

When the Syrian and Israeli delegations finally met on Sunday night they disagreed both over the venue for future talks and over the key substantive issue - an Israeli withdrawal from the occupied territories.

An Israeli spokesman said the atmosphere was polite, but the two sides were in complete disagreement.

Syria strongly criticised Israel's refusal to accept that United Nations resolutions 242 and 338, on which the negotiations are based, required a complete Israeli withdrawal from the West Bank, Golan Heights, Gaza Strip and east

Jerusalem. "No one can imagine peace without the return of the occupied territories," said Mr Farouq al-Sharara, the Syrian foreign minister. However, he added: "Our delegation will continue to look forward to resuming the bilateral talks. We are waiting for the co-sponsors... - the US and the Soviet Union - to suggest the next venue."

Mr Yasser Arafat, the chairman of the Palestine Liberation Organisation, also said the talks were very positive. "We hope this will continue at the next phase," he said. The PLO was excluded from the peace

talks at Israel's insistence, but its support is crucial to any progress as the Palestinian delegates will not move forward without its approval.

Israel prompted strong Arab protests yesterday when a new Jewish settlement was founded in the Golan Heights, captured from Syria in 1967.

Mr al-Sharara said angrily: "Building settlements is illegal and contrary to any sort of desire for peace."

First line of defences broken down, Page 7  
Editorial comment, Page 18

## Airbus chairman renews attack on British Airways

By Paul Betts in Dubai

MR JEAN PIERSON, the chairman of the European Airbus consortium, is intensifying his attack against British Airways by sending a second letter to Sir Leon Brittan, the European Commission head of competition, to back up his case against BA's allegedly anti-competitive behaviour towards Airbus.

Mr Pierson is expected to write to Sir Leon at the end of this week.

He confirmed yesterday he was planning to submit additional information to the EC to boost the dossier against the UK airline, which he originally sent on September 17.

The 20-page dossier alleges that BA and Lord King, its chairman, favoured Boeing and General Electric of the US over Airbus and Rolls-Royce in the airline's \$28bn (\$55bn) purchase of new wide-body aircraft in August.

The additional information contains what Mr Pierson believes is further evidence of the financial concession granted to BA by the two US companies to secure the order for Boeing 777 aircraft powered by GE's new GE90 engines.

BA has claimed the Airbus allegations were "totally unfounded". Details of the original Airbus dossier were leaked last week, accusing BA of conspiring to freeze out Airbus in favour of Boeing.

Mr Pierson intends to maintain the pressure on the Commission to investigate BA's latest acquisition of Boeing.

Mr Pierson believes Airbus has from the beginning been "set up" by BA, which apparently always intended to acquire Boeing aircraft. Airbus had hoped to sell its new A340 long-range aircraft to BA. This would have opened the door for additional Airbus sales to the UK carrier, including A320 narrow body aircraft instead of Boeing 737 airliners.

Following BA's decision to opt for Boeing 777s, Airbus expects BA to dispose of the 10 A320s it acquired when it bought British Caledonian.

available to Airbus. "Take Lord King, I am doing my best for my shareholders," he said.

Mr Pierson also disclosed he had informed all the heads of the Airbus partner company of his intention to complain to the EC. This included Sir Graham Day, the British Aerospace chairman, Mr Henri Martré, the head of Aerospatiale of France, Mr Johann Schrempf, the chairman of Deutsche Aerospace, and the head of CASA of Spain.

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## Baker the diplomat pushes old enemies beyond symbolism



James Baker, US secretary of state, is well-satisfied, in spite of the rancour surrounding the Middle East peace conference, nothing can obscure his achievement of face-to-face talks between enemies. Page 7

## MARKETS

<b>STERLING</b> New York: \$1.7735 (1.787) London: \$1.7805 (1.7485) DM2.905 (same) FF9.935 (9.9275) SF2.555 (same) ¥225.5 (227.75) £ index 91.3 (90.8) <b>GOLD</b> New York Comex Dec 358.1 (356.9) London: \$356.45 (357.8) Fed Funds 4 1/2% (Argus) Brent 15-day Dec 22.525 (22.375) Chief price changes yesterday: Page 21	<b>DOLLAR</b> New York close DM1.639 (1.6445) FF9.915 (9.9235) SF1.4425 (1.4435) ¥129.25 (129.75) London: DM1.633 (1.631) FF9.58 (9.575) SF1.435 (1.44) ¥128.9 (130.25) £ index 93.2 (93.9) <b>US closing rates</b> Fed Funds 4 1/2% (5%) 3-mo Treasury Bill: yield: 4.844% (4.877%) Long Bond: 10 1/2% (102.5) yield: 7.947% (7.928%)	<b>STOCK INDICES</b> FT-SE 100: 2,527.0 (-21.7) FT-SE Eurotrack 100: 1,088.07 (-7.04) FT-A All-Share: 1,223.67 (-0.7%) FT-A World Index: 143.10 (+0.5) New York close DJ Ind. Av. 3,045.82 (-10.73) S&P Comp. 390.27 (-1.05) Tokyo: Markets closed <b>LONDON MONEY</b> 3-month Interbank: 10 1/2% (103%) 180-day interbank: 10 1/2% (103%) 180-day interbank: 10 1/2% (103%)
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WHAT HELPS GRAHAM GOOCH'S GILT-EDGED PERFORMANCES?

Graham Gooch - 333 runs - England v India, 1990

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GILT-EDGED EXPERTS

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## EUROPEAN NEWS

## German current account deficit rises to DM3.4bn

By Quentin Peel in Bonn

GERMANY'S visible trade balance slipped back into deficit in September, as the surge in imports for the reconstruction of eastern Germany continued to outpace a sluggish export performance.

The trade deficit of just DM300m (\$182m) meant that the overall current account for the month was in deficit to the tune of DM2.4bn (\$2bn), suggesting that a trade surplus in August was more a seasonal reaction than a change in the current trend.

For the nine months so far this year, Germany's current account notched up a deficit of DM32.5bn, according to the federal statistics office in Wiesbaden, although visible trade was just in surplus by DM48m.

Imports in September totalled DM53.4bn, an increase of 20 per cent over the same month of 1990, and exports were DM53.1bn, up just 0.9 per cent.

Compared with this August, imports were up 9.9 per cent against an export recovery of only 2.8 per cent.

Nonetheless the massive traditional German trade surplus has meant that a surge in imports for the eastern part of the country since unification has been very largely contained, on top of the extra cost

The Treuhand privatisation agency in former East Germany is reported to have agreed the sale of 29 of the 35 hotels formerly operated by the state agency Interhotel, writes Quentin Peel in Bonn.

According to Die Welt, the conservative daily newspaper, the winning bid, worth DM2.8bn (\$2.6bn), came from Sixt AG, the Munich-based car hire company. However, a Treuhand official expressed doubt about the report yesterday because a final decision could only be taken by the governing board of the Treuhand, due to meet on November 22.

of finance for the Gulf war.

But there has so far been no significant slowdown in the imports going to the east, nor any appreciable recovery of traditional German exports on to the world market, held back both by the world economic recession, and the continuing buoyant demand on the domestic market.

● The German coal industry, trade unions, electricity suppliers and the federal government yesterday held a second round of negotiations over future production and government subsidies, without getting any nearer to a conclusion.

Several thousand miners demonstrated in different parts of the Ruhr and Saarland coal producing areas, protesting against the demand of Mr Jürgen Möllemann, the economics minister, that production by the year 2005 be reduced by 70m tonnes to just 50m tonnes.

Mr Dieter Vogel, the government spokesman, said yesterday that Chancellor Helmut Kohl was not yet ready to intervene in the apparently deadlocked negotiations and was still hoping for progress at next week's scheduled third round of talks.

However his intervention is seen as increasingly likely given hostile relations between Mr Möllemann and the mining industry.

The minister is committed to radical cuts in government subsidies, whereas both employers and trade unionists argue that the high rate of production cuts would actually cost more in compensation payments and unemployment pay.

Meanwhile the miners themselves set fire to piles of coal in rail wagons outside their pits, intended to give a warning of what would happen "if the Ruhr goes up in flames."



A worker erects scaffolding in east Berlin yesterday on a 60ft statue of Lenin. The statue is to be removed by Saturday, the second anniversary of the falling of the Berlin Wall.

## West ponders value of shoring up Soviet centre

By Ian Davidson in Paris, David Marsh in London, George Graham in Washington and Quentin Peel in Bonn

ALL THE main western industrialised countries are making efforts to shore up the crumbling centre of the Soviet Union. But some are trying harder than others.

As the west weighs the benefits of dealing with the beleaguered central Soviet authorities, as opposed to the increasingly independent individual republics, differences are opening up among western countries on striking the right balance.

France places the greatest weight, in public at least, on shoring up the central authorities in Moscow. One reason behind Mr Mitterrand's worries is that four of the Soviet republics - Russia, Belarus, Ukraine and Kazakhstan - have nuclear weapons on their territories. He fears that disintegration heightens the dangers of conflict.

Security concerns are also apparent in President George Bush's preference for dealing with Mr Gorbachev. But he does not want to alienate the leaders of the republics, especially President Boris Yeltsin of Russia.

Germany seems to be guided more by hopes of trade than fears of war.

Until recently, Germany was

The Ukrainian parliament yesterday set in train the phased takeover of Soviet military units in the republic by authorising the creation of a national guard based on present interior ministry troops and approving the transfer of the Border Guard force to Ukrainian control, writes Chrystia Freeland in Kiev.

Unlike other independence-minded republics which have created parallel military structures, the Ukraine is taking over forces formerly controlled by the centre.

as concerned as any to bolster the Soviet centre, and President Gorbachev in particular, because of the dire consequences of disintegration for debt repayment, disarmament, and control of nuclear weapons.

In the past month, however, Mr Hans-Dietrich Genscher, the foreign minister, appears to have come round to the view that the union is exhausted, and that direct relations with the republics are inevitable.

Britain wants to maintain a pragmatic mix of contacts with the centre and the republics.

The UK pulled off a minor coup last week with the visit to Britain of Mr Nursultan Nazarbayev, president of the mineral-rich republic of Kazakhstan in central Asia. It was the republic's first large-scale mission to build trade and economic ties to Europe.

Germany is well ahead of most of its western partners in establishing direct contacts with disparate parts of the Soviet Union, thanks to its historical contacts, its trade, and its inheritance from the former east Germany.

In contrast with this Germanic flurry of activity, France's policies appear static. Mr Mitterrand's anxiety about instability in the Soviet Union has been a constant theme of French foreign policy.

When Mr Yeltsin visited France in April this year, he was ostentatiously costumed by Mr Mitterrand, who barely agreed to see him for a few minutes.

The French president has since invited Mr Yeltsin to pay an official visit to France, but the Elysée still hopes Mr Gorbachev will maintain his authority.

The big question is whether there will be anything left to preside over.

## Greece fails to meet 1991 budget targets

By Kerin Hope in Athens

GREECE has failed by a wide margin to meet budgetary targets for 1991, the first year of a three-year economic stabilisation programme agreed in return for an Ecu2.2bn (\$2.51bn) loan from its European Community partners.

The economy ministry yesterday gave details of a report by European Commission officials monitoring Greece's economic performance which predicted a budget shortfall of Dr580bn (\$2.09bn).

If an extra Dr250bn in deferred interest payments is added in accordance with EC practice, the 1991 central government deficit is forecast to reach a record Dr2,900bn, or

23.2 per cent of GDP.

Under the terms of the EC loan, Greece was committed to cutting the deficit to 16.6 per cent of GDP in 1991 and to 9 per cent by 1993 so that it can participate in the second stage of European economic and monetary union.

But the government failed to curb spending overruns by state corporations, and also delayed implementing both an ambitious privatisation programme and a crackdown on tax evasion. According to the Commission's report, tax revenues were forecast to increase by 26.6 per cent in 1991, well below the budget forecast of 34.1 per cent.

## Greek developers' hopes rest on shaky foundations

Kerin Hope on the myriad of difficulties facing property companies in the Athens area and beyond

THE furore over the Greek government's plan to sell 35 small islands illustrates one of many pitfalls facing the Athens-based property developer.

If popular outcry over pieces of barren, uninhabited rock is so great, what will happen when a golf course is proposed for a stretch of grazing land or a luxury bungalow complex on a favourite island beach?

Things are almost as contentious in an urban setting. Few developers bother to sound out the different owners of an ageing building in central Athens, ripe for rebuilding or conversion into offices.

They look for sites in the suburbs instead, although the number of suitable plots is limited.

"Good quality office space is at a premium in Athens because most

buildings were developed privately by small contractors, together with householders," says Mr Elias Prentas of Clive Lewis International.

A phenomenal rise in Greek land and property values over the past 20 years outstripped any other form of investment.

Undeveloped beachfront sites on an island, unsaleable until an airport was built, can fetch over Dr8m (\$40,000) a "stremma," a 1,000-square metre area.

In Athens, property prices in business districts range from Dr200,000 to Dr450,000 (\$1,070-\$2,400) a square metre.

But high building densities, lack of parking space and zoning irregularities - a garage workshop can occupy the ground floor of an office block - mean that many buildings fail to

meet the requirements of international companies looking to buy rather than rent a local headquarters.

Because of tight banking restrictions, credit was rarely available for property purchases or development. Consequently contractors offered site owners a percentage of the new building in return for the plot, then resold more space to raise funds.

Banking deregulation over the past five years, together with a new law permitting financial institutions or entrepreneurs to develop sites of over 100 "stremmata" opens up a range of new possibilities.

"In a city of almost five million with new construction going on all the time, there are no shopping malls or business parks and very few housing projects," says Mr Harry Antonopoulos of Lambert Smith Hampton,

the UK property company. "This is going to change, regardless of the problems."

But the obstacles are not likely to disappear quickly. No development strategy has been worked out for Athens and the surrounding Attica district, where 4.5m of Greece's 10m population lives, though successive governments argue over zoning, green spaces and a new road network.

Greece has no land registry and prospective sellers cannot always produce title deeds.

Most large landholdings in Attica belong to the Greek Orthodox Church, the agriculture ministry and quasi-state organisations, which lack resources for development but are reluctant to put anything up for sale.

For the moment, commercial development is focused on building large

supermarkets around the Athens suburbs, where imported expertise will soon increase competition.

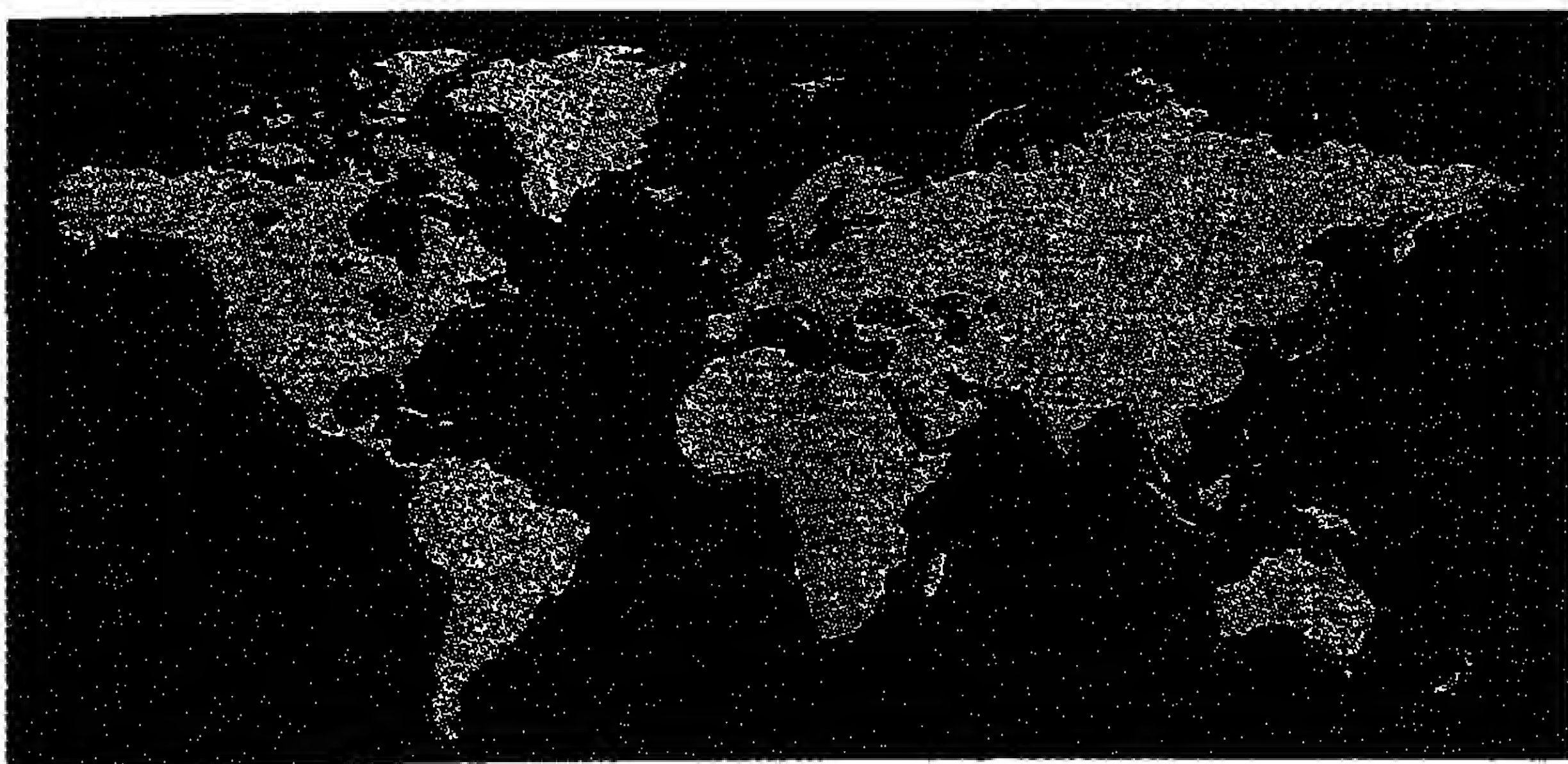
Asko, the German supermarket chain, is building a site near Athens airport in a joint venture with Shelman, a Greek timber processing company.

The project is close to a new supermarket opened earlier this year by A-3 Vassilopoulos, Greece's leading supermarket chain. It is the country's biggest to date, with 5,500 square metres of sales space.

Its interior cannot be faulted, but what international developers consider the fatal flaw in Greek development thinking is all too evident.

Half an hour after it opens, frustrated customers are driving round in circles looking for a free parking space.

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Ameritech began as the parent of the Bell companies that serve the Midwest, the most information-intensive area of the United States. Recognized as a leading communications company, Ameritech is a \$22 billion corporation that today brings its technological leadership and financial strength to all corners of the world.

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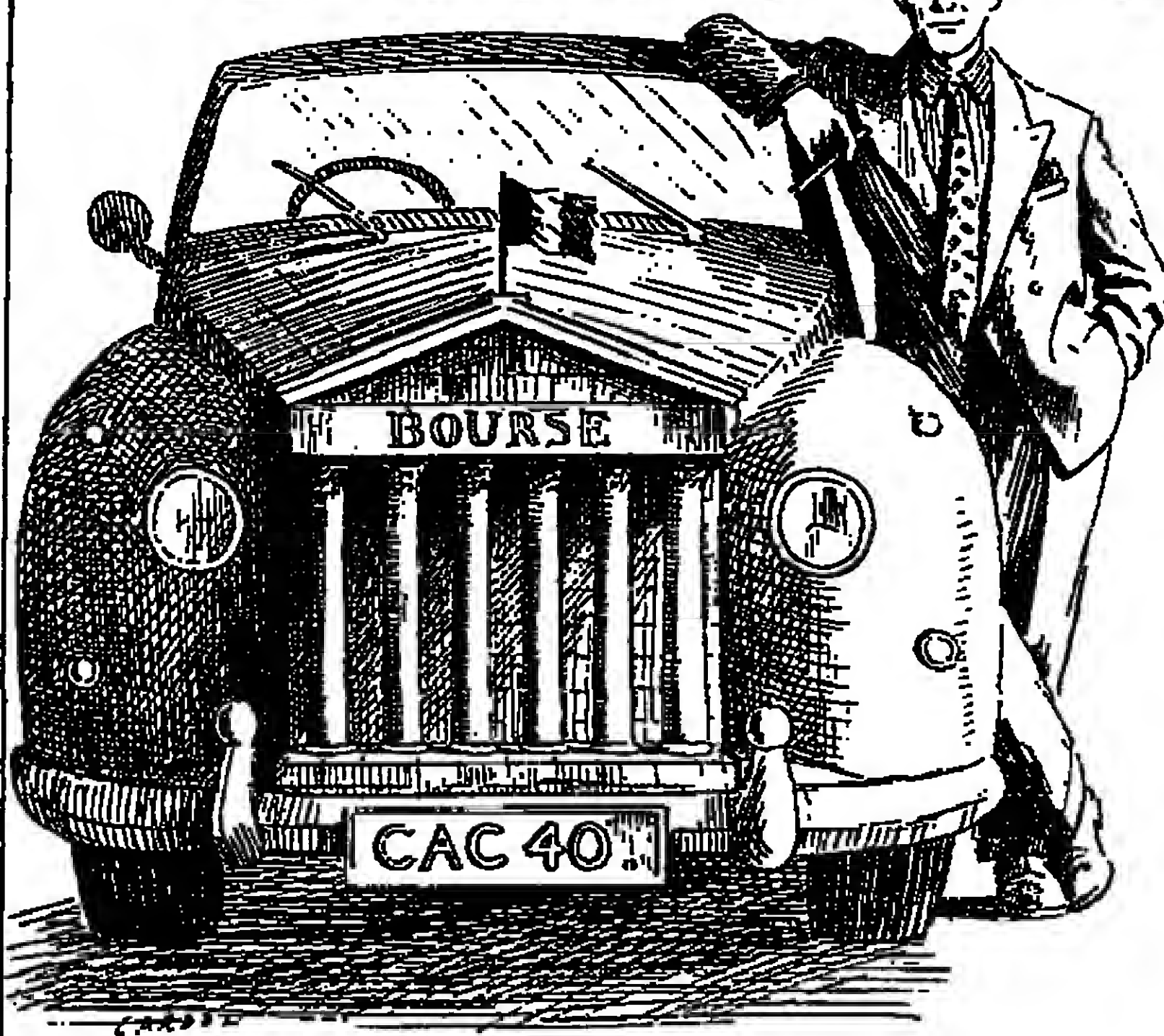
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## EUROPEAN NEWS

## Brussels told to produce HDTV scheme

By Andrew Hill in Brussels

EC MINISTERS yesterday rebuked the European Commission for the continuing delay in producing a firm strategy for the development of European high-definition television.

The ministers have asked Mr. Filippo Maria Pandolfi, the beleaguered EC telecommunications commissioner, to produce an amended strategy, broadly agreed by the European parliament and leading industry groups, for their next meeting on December 5.

The Commission has already tabled a draft HDTV directive, currently being discussed in the European parliament. This draft would impose a single standard, called D2-Mac, for all new satellite broadcasts, as an intermediate step towards a full high-definition television standard, HD-Mac.

But Mr. Pandolfi has come under fire from broadcasters and satellite operators, who do not want standards imposed which would hamper the development of existing services transmitted using a different norm. On the other hand, electronics manufacturers, who have invested heavily in D2-Mac technology, are seeking a more restrictive approach.

A permissive strategy was supported in yesterday's meeting by the UK, Luxembourg, Denmark, Spain and the Irish Republic.

Mr. John Redwood, the UK trade minister, claimed other member states were generally sympathetic to such a strategy. He said ministers had also cast doubt on the need for EC subsidies of Ecu1bn (\$1.21bn) over five years to back up the Commission strategy.

Mr. Pandolfi now intends to produce a letter of intent, which would reconcile the differences of commercial interest groups, by the next full session of the parliament in mid-November.

A directive would then be adopted and submitted to telecommunications ministers on December 5. Finally, a legally-binding memorandum of understanding, setting out the strategy, would be agreed by industry.

Telecommunications ministers have agreed that from January 1 1993, international calls dialled from any EC country will be prefixed by the same "00" access code. At the moment only six EC member states use the 00 international prefix.

## Italy ceases to be a soft touch for immigrants

This year's mass influx from Albania has forced Rome to take tougher action, writes Robert Graham

A YOUNG Albanian, unshaven and bedraggled, waits patiently by the huge portal of a religious order on the Aventine Hill in Rome. In halting Italian he asks through an entryphone for something to eat. There is a pause, then a loud scrape of metal as an iron box tray projects from the wall. The young man mumbles thanks and grabs a litre carton of milk which has been cut at the top and filled with pasta.

He eats greedily with his fingers as he walks to join a companion on a nearby bench. "Without the Church I would have starved," he says.

He managed to leave Albania in March in the first mass exodus, which brought some 24,000 Albanians in Italy. "I was lucky they let me stay, but I didn't like where they sent me in the south."

He was "distributed" to Puglia as part of the government's scheme to spread the burden of absorbing the refugees. He found no work and feared being forcibly repatriated so he came to try his luck in Rome.

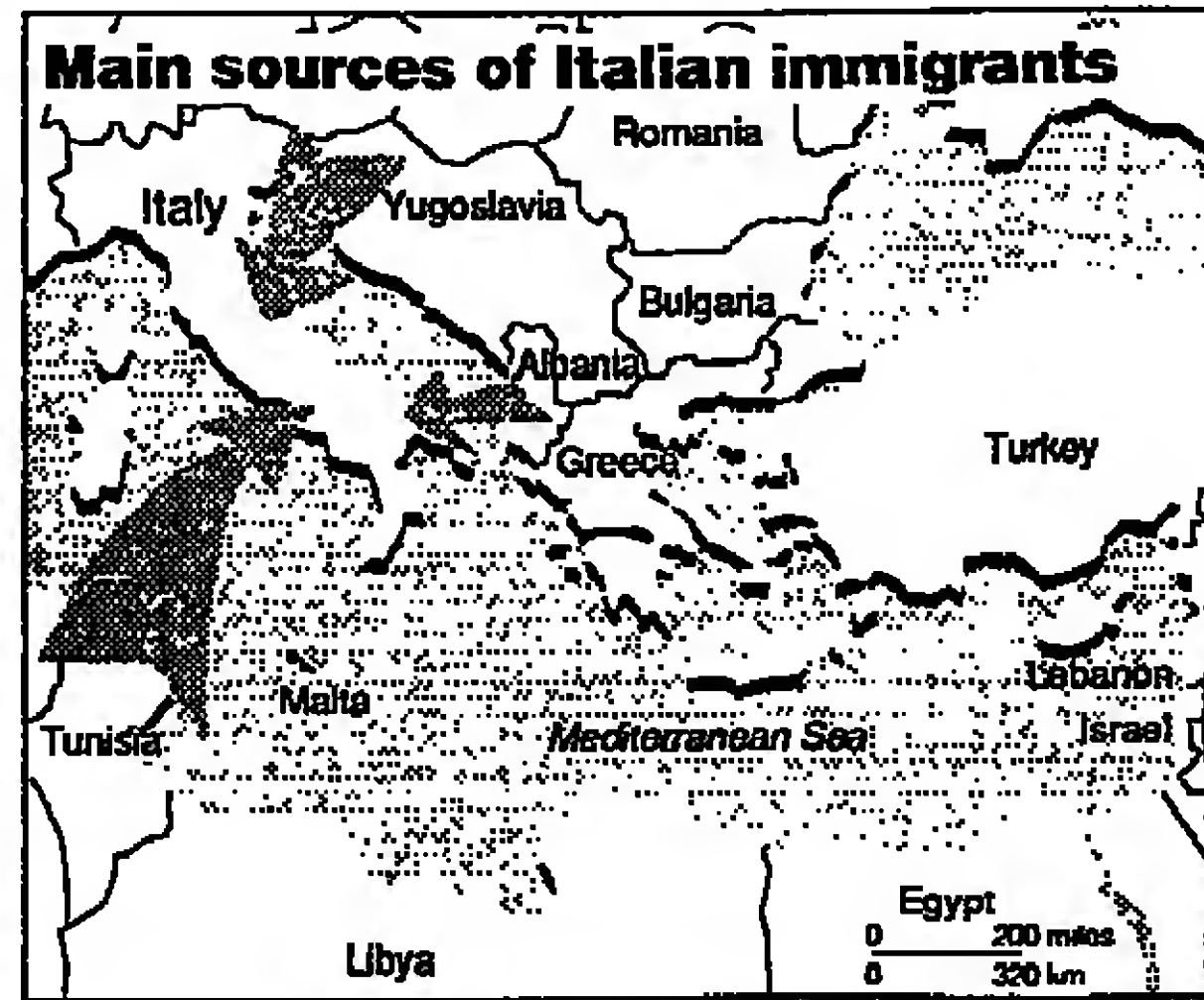
Immigration Ministry officials say about 1,500 Albanians from the March influx have moved from where they were first resettled, while only 9,000 have found work.

Tighter controls at the borders, closer scrutiny of work permits and the slowdown in

the Italian economy had reduced the flow of Third World immigrants this year. But these considerations were irrelevant in the Albanian exodus to Italian ports this year. Ministers were caught off guard by the size of the most recent one, in August. "We thought there were some 7,000 on the boats - instead we discovered 18,000," says Ms Margherita Boniver, the Socialist politician who heads the small Immigration Ministry created six months ago.

Italy was criticised for its clumsy handling of these refugees and the limited efforts to determine if they were political asylum-seekers. But its enforced repatriation of this group in August marked a watershed in immigration policy. The Andreotti government discovered to its dismay that the European Community considered Albanian refugees an Italian problem, and it was forced, arguably for the first time in recent years, to take concrete action on its own.

Not only did Italy demonstrate that it was no longer a soft touch; Rome broke new ground by establishing a large emergency aid programme worth L113bn (\$88.4m) inside Albania. Since early October, 750 Italian soldiers have been distributing foodstuffs there and helping repair essential infrastructure. This is the fore-



runner of a substantial long-term aid programme to help stabilise the Albanian economy.

Those Albanians who succeeded in gaining entry to Italy now form the bottom layer of a 1m-strong immigrant community which, because of its relative newness, remains fairly well stratified according to jobs and nationality.

The next up are the Africans - Ghanaians, Nigerians and Cape Verde Islanders, Somalis and Senegalese. Unskilled, they survive mostly by selling bags and jewellery in the

streets. Further up the scale are the North Africans, who account for 20 per cent of the 682,000 registered non-EC immigrants and a higher portion of the "illegals".

In Rome they have converted the steps of Santa Maria Maggiore, close to the main railway station, into their meeting point.

"I came over to work in the tomato harvest near Naples," says Ahmed, a 27-year-old Tunisian from Sfax. "My friends had done it before and it was easy. All you had to do was get the boat from Tunis to

Palermo and the police didn't bother us. We were then taken by truck on a long journey across Sicily and up to near Naples. The journey cost us two weeks' wages."

When the harvest was over, he saw no reason to return home, though he was warned by the Italian overseer he could no longer be "protected". He came to Rome and did odd jobs dish-washing. He talked of moving to France but was worried by accounts of racism in France and felt he was less discriminated against in Italy.

Tunisians form the second largest immigrant community, half the number of the Moroccans, who are registered at 84,000. They find work harvesting, in the restaurant/hotel business and in small non-unionised textile/clothing companies.

In contrast, some east Europeans arriving in the past two years have been given semi-skilled positions. A few with higher technical skills have found jobs in northern industry.

"We don't know how many illegal immigrants there are in Italy," says Ms Boniver. "People are only counted in, not counted out."

A 1990 law, which obliged people to register or risk expulsion, marked the first serious attempt to control demand-led immigration, although it

ducked the question of country quotas.

"We are very much aware of the spread of xenophobia in the north [of Europe] and we want to prevent it taking root here," says Ms Boniver. Since last year's outbreaks of violence against immigrants in Florence there have been no serious incidents other than the particular case of the Albanians. However, the potential remains, especially in the richer north.

The police are under orders to check more actively on immigrants. Last month Milan police carried out an operation which resulted in 700 immigrants being questioned and nearly 300 repatriated. But the Interior Ministry lacks resources for a determined repatriation policy.

Ms Boniver is pursuing the idea of granting temporary work permits, recognising that rigidities in existing labour law encourage employment of immigrants. She is also directing the bulk of her ministry's meagre budget towards the construction of hostels.

Meanwhile, the tough repatriation policy towards Albanians in August may have helped deter a potential exodus from Yugoslavia. Since September, the authorities have set in place facilities to receive 50,000 Yugoslavs, but only 120 have so far sought assistance.

## Prague combs state lists for communists

By Ariane Genillard in Prague

THE authorities in Czechoslovakia will today start screening all civil servants and members of state-owned organisations under a new law directed at former Communist party officials and collaborators.

Leading politicians, including Mr. Václav Havel, president of the federal republic, have criticised the law, which was adopted a month ago in the federal parliament under pressure from right-wing deputies.

They fear that police files are unreliable and should not be used as evidence against alleged collaborators. They are also concerned that the law will lead to a purge and will create a climate of suspicion as the country tries to strengthen its fragile democratic institutions.

Critics have also said the law presumes guilt before proof of innocence.

Government officials and state company employees, including high-ranking members of the army, have 30 days to establish with the federal Interior Ministry whether their names have appeared on files of the once-feared secret police of the former Communist regime.

Those whose names appear on the files, or who held official posts in the Communist party in the past four decades, will have 15 days to leave their jobs. An exception is made for those involved in the Prague Spring, the period of reform between January 1968 and May 1969.

The law targets all those listed in the files regardless of the causes which led to their names being recorded by the secret police.

The law is expected to have wide and unpredictable consequences for the entire public sector. Ministries, including the army and the Interior Ministry, will be brought to a halt during the screening process.

Federal, Czech and Slovak leaders have to try to resolve their differences over the future status of the federation within the next two months following talks with Mr. Havel.

## Eight EC members 'ready' for Emu

By Ian Davidson in Paris

EIGHT OF the 12 members of the European Community, including Britain, should be in a position to meet the economic criteria for early movement towards economic and monetary union in Europe, according to an independent report published today.

However, Italy and possibly Spain may first need to devalue their currencies inside the European monetary system, and Italy and Greece, and to a lesser extent the Netherlands and Spain, may have to take radical fiscal action to bring down their excessive public debt to a sustainable level in relationship to gross domestic product.

These are two of the main conclusions suggested in an analysis of the prospects for economic and monetary union, in the report *Setting European Community Priorities 1991-92*, published by the Brussels-based Centre for European Policy Studies.

Other articles in the report survey the agenda for economic union in the Community, and assess the outlook for the development of a common European foreign policy.

In the run-up to next month's Maastricht summit, the report suggests Italy faces the most difficulties in an early move to Emu. It has suffered a serious loss of competitiveness, with an appreciation of its currency over the lifetime of the EMS in real terms by 20 per cent; it also needs to make large reductions in its budget deficit, if it is to stabilise its debt-GDP ratio.

"It is clear," says the report, "that if domestic budgetary policies are not drastically changed, a realignment will be inevitable. If this is the case, the EMS has everything to gain from an early realignment."

The appreciation of the Spanish peseta has taken it to a historic peak, but the report suggests this may be partly offset by rapid increases in productivity.

Apart from Italy, Greece is the member state with the worst debt burden, but the current debt-GDP ratio is also unsustainable in the Netherlands and Spain.

After combining five of the most important economic criteria, the report suggests that five member states are already relatively well-placed for a move towards Emu - Germany, France, Netherlands, Denmark and Britain. Greece and Italy are classed as "laggards".

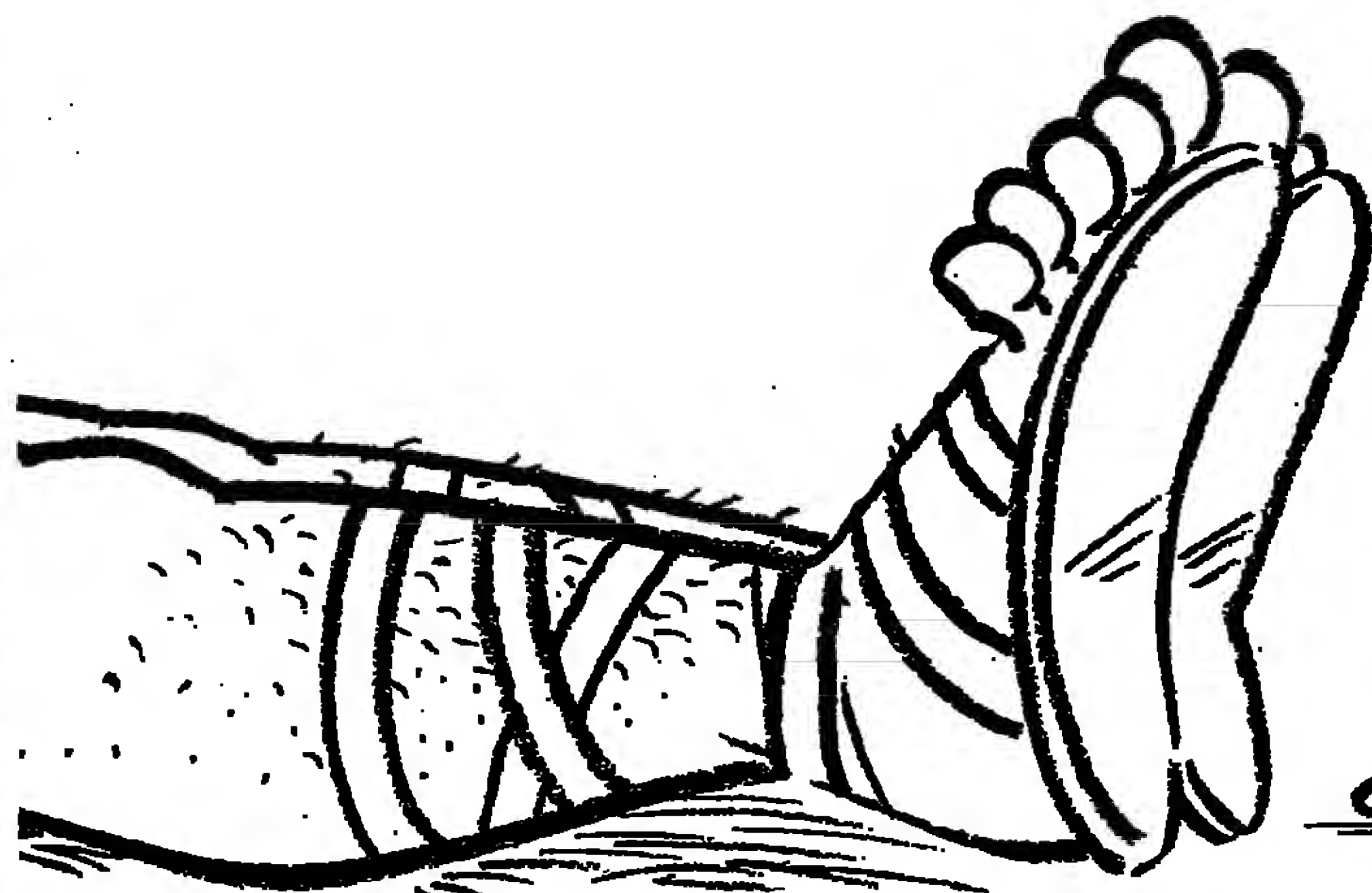
*Setting European Priorities 1991-92*, ed. by Peter Ludvig, Centre for European Policy Studies, 33 rue Ducale, Brussels. £25 or Ecu37

## Turkey inflates its bank notes

TURKEY, struggling with 66.5 per cent annual inflation, is to introduce a TL100,000 bank note - worth just \$20, Reuters reports from Ankara.

A senior central bank official said Turks needed the new brown and green notes (bearing a portrait of Atatürk, founder of modern Turkey), which enter the banking system next Monday, to cope with the falling value of the lira.

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## WORLD TRADE NEWS

## European cheers find little echo in Seoul

John Ridding explains why agreement to form an EEA is causing concern in Korea

THE agreement to create a European Economic Area (EEA) comprising the EC and the European Free Trade Association (EFTA) may have prompted celebrations from Brussels to Berlin and from Luxembourg to Liechtenstein. But in South Korea the news has been greeted with consternation.

"We are very much concerned about the rise in the number of countries in the European trade group," says Mr Yu Deuk Hwan, assistant minister for trade policy. His fear, also heard in the boardrooms of Korea's large business groups, is that Korean exporters, faced with the need to diversify from traditional markets in the US, will find penetration of a growing European grouping harder.

Perhaps more important, Seoul's reaction highlights the lack of progress made by the world's 12th largest trading nation in preparing for the creation of the world's largest single market. On the face of it, Seoul's reaction to formation of the EEA may seem surprising. After all, EFTA has traditionally been a relatively small market for Korea's exporters, receiving only \$1.6bn (£930m)-worth of Korean products last year, against \$8.4bn sold in the EC, and total exports of \$66bn.

The economic stimulus of the enlarged grouping and the

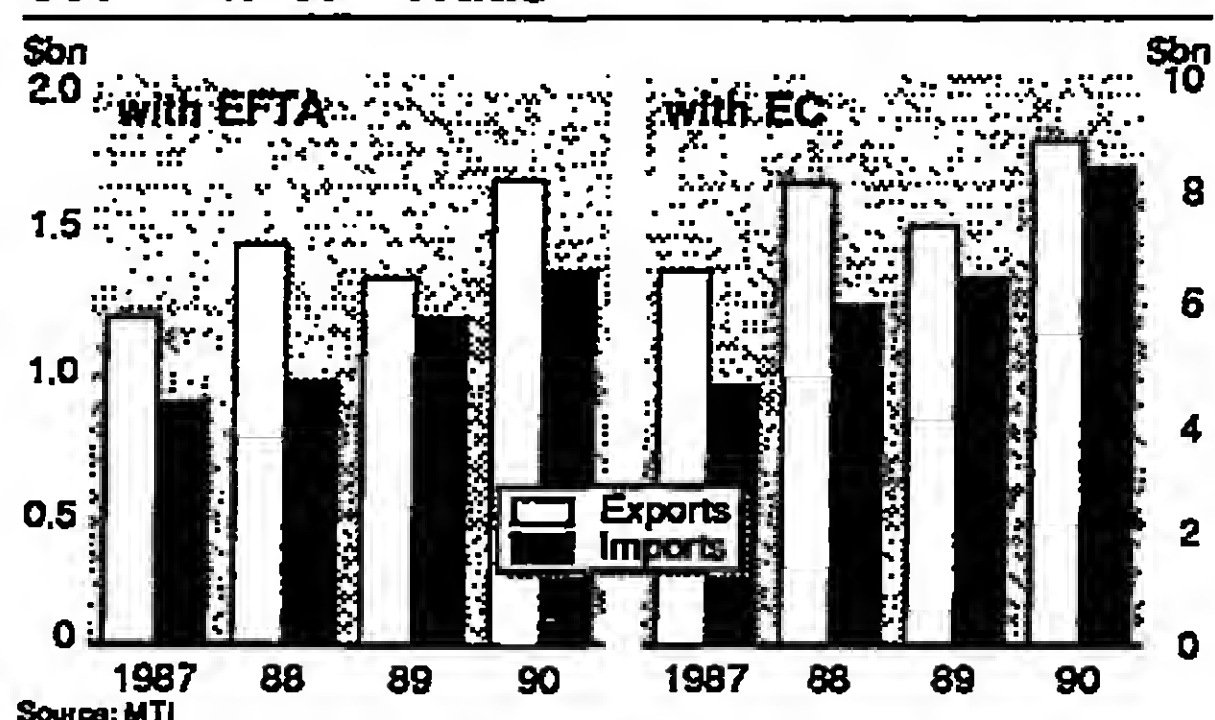
easing of cross-border controls within the EEA would also seem to represent an opportunity rather than an obstacle for Korean traders, and Korean officials accept that there will be benefits. "The creation of the EEA will provide a big common market offering the same standards and rules, and it might give us a good opportunity to export," says a report just issued by the ministry of trade and industry.

But in the minds of Korean government and business leaders, such advantages are outweighed by concerns. Though bilateral trade relations with the EC have improved after last month's accord on protecting intellectual property rights, Korean officials believe the EC is creating increased barriers to Korean exporters and expansion of the EC's free trade area will extend the remit of such barriers.

"The creation of the EEA doesn't have much impact of itself," says a report by the Economic Planning Board, the top economics ministry. "But it may be seen as the first step to creating a pan-European economic power." The government is especially worried about the possible inclusion of east European countries, target of a big Korean sales push.

Korean businessmen also express these worries. "It is becoming more difficult to do

South Korean Trade



Source: MTI

business in the EC," says an executive of Samsung Electronics, one of Korea's biggest companies. He cites the imposition of anti-dumping duties on Korean compact-disc players and colour TVs, and continuing investigations involving car radios and video-cassette recorders.

The formation of such a large grouping is also seen as creating an imbalance in bargaining power. "The EC's negotiating strength will increase even further," says a trade ministry official. "It will be 19 countries talking to just one." EC officials reject such worries and explain Korea's reaction in terms of a lack of understanding of the EC and a lack of preparation to do business

there. "The Koreans have not studied very closely the philosophy and working of the EC," says Mr Gilles Anoull, head of the EC delegation in Seoul. "When you don't know something, you are afraid."

While they accept that anti-dumping cases are on the increase, EC officials deny charges of protectionism. "If they didn't dump they wouldn't have to pay duties," says one. He adds that European manufacturers, facing tougher competition, are quicker to file complaints. Also, Korean business groups have fallen behind competitors in making inroads into the European market. While direct investment by Japanese companies has grown to \$41bn,

Korean counterparts have spent just \$131m on setting up operations there.

"They are still thinking that you can just load manufactured goods onto ships and send them to market," says Mr Anoull. "But nowadays, you should have a presence in your market to provide service and maintenance, and obtain knowledge of consumer patterns."

On this, the Korean government agrees. "We are trying to encourage industry to diversify into the European market and invest there," says Mr Yu. Korean business groups are responding. "We are aware of the need to increase investment and are looking at setting up factories in eastern Germany," says an executive at Samsung Electronics. Hyundai, Daewoo and Lucky-Goldstar, the other three of Korea's four largest conglomerates, say they plan to expand their presence in Europe.

Concerns over EC expansion are likely to speed this process. But there is a limit to the rate of growth. Capital shortages are cited as restricting new investment projects. "Investment in our different markets is the most important element for our survival in the world market," says Mr Yu. "But our large trade deficit means we don't have the capital to provide much support for new projects."

## Democrats introduce 'Super 301 with teeth'

HOUSE Democrats yesterday offered tough trade legislation, aimed mainly at Japan, as a hoped-for antidote to the economic ills buffeting the US.

Nancy Dunne writes from Washington. Mr Richard Gephardt, House majority leader, and Congressman Sander Levin introduced a new "Super 301 with teeth" designed to force the White House to act against countries with protectionist practices and big trade surpluses with the US. "For years we have been trying to get Japan and other countries to be more like us, to play by our rules," he said. "If they aren't going to play by our rules, we've got to be willing to play by theirs."

Mr Levin predicted Congress would pass the legislation in response to a "sea change" in a US electorate consumed with anxiety over the economy. "The American public is running out of patience," he said. "They can expect their public officials to respond."

A similar measure has been introduced in the Senate by Senator Max Baucus. To guard against a presidential veto of his bill, Senator Baucus has threatened to attach it to legislation implementing any Uruguay Round Agreement.

## EC-US farm talks leave several big issues outstanding

By William Dullforce in Geneva

EC-US talks on world farm trade reform "showed some good developments" last week, but several big differences remain, trade diplomats in Geneva say.

EC and US negotiators were reporting home yesterday after a round of talks led by Mr Richard Crowder, US agriculture under-secretary, and Mr Guy Legras, EC agriculture director-general. The talks started in Washington last Monday, switched to Brussels mid-week and ended in London, attended by Japanese and Australian officials. Australia leads the Cairns Group of 14 farm-exporting nations.

Diplomats found evidence the EC and US were now genuinely working for a deal on agriculture, to unblock the Gatt Uruguay Round where other trade-liberalising accords are held hostage. But the assessments being made yesterday in Brussels, Washington, Tokyo and Canberra were presenting "hard choices", one diplomat said. In London, the Japanese should have got the message that insisting on having rice exempted from import liberalisation did not fit in with other countries' readiness to work for a deal.

Mrs Carla Hills, US trade representative, was reported to have begun sounding out congressional and farm leaders on the talks' preliminary results, indicating some progress towards compromise on ways of cutting trade-distorting farm subsidies. Instead of the situation before trade ministers met last December, when the farm deadlock nearly derailed the Gatt round, the EC and US were working on the basis of having to strike a deal, one official said.

One problem concerns safeguard measures governments may be able to apply against

THE EC's Dutch presidency, President George Bush and the European Commission should use Saturday's EC-US summit to try to resolve problems in the Uruguay Round, EC trade ministers said yesterday. Andrew Hill reports from Brussels. They urged the Commission to make "effective use" of the Hague summit to narrow the gap between the US and the EC in key areas. But Mrs Yvonne van Rooy, Dutch foreign trade minister, said that EC flexibility, expressed, for example, in France's new willingness to talk about farm reform, should be matched by US concessions. A Commission spokesman repeated the EC wish that unilateral US trade weapons be dropped.

disruptive surges in imports once all import barriers are converted into tariffs. The US and Cairns Group are reluctant to accept any mechanism that would prolong the EC's system of variable levies and double-pricing. Another issue concerns the method for cutting export subsidies.

In principle, all countries have agreed the need for separate cuts in domestic farm supports, border protection and export subsidies. Negotiators are understood to have adopted the EC proposal for a five-year programme of cuts in all three areas, followed by a review leading to a second five-year programme. Mr Arthur Dunkel, Gatt director-general, has called a meeting of the trade negotiations committee, the Uruguay Round's governing body, for Thursday, to report on the seven areas into which the talks have been divided, and suggest how obstacles can be removed by this month-end.

## OECD states agree clamp on tied aid

LEADING industrialised countries have agreed to clamp down on the abuse of aid to tempt developing countries to buy western goods and services, William Dawkins reports from Paris.

Senior export credit officials from the members of the Organisation for Economic Co-operation and Development (OECD) have agreed in Paris to ban aid for projects in middle-income countries that would be viable if funded by normal commercial loans. The accord settles a two-year negotiation in which the US and Canada had accused other OECD members of using aid to buy market share in developing economies.

The new curbs apply only to middle-income countries such as Mexico or Brazil. Least-developed countries, defined as those with GNP of less than \$2,465 (£1,433) a head last year, would still be allowed to receive so-called tied aid. But donor countries must prove such projects in poor countries could not be financed otherwise, and must notify the OECD that this is so.

If ratified by OECD governments, as expected, the ban will run from mid-December. This builds on an OECD accord to curb the use of interest-rate subsidies on export credits to middle-income countries, coinciding with another OECD study into improving aid use.

## East Europe 'three' link for Brussels talks

POLAND, Czechoslovakia and Hungary have co-ordinated trade policy ahead of hoped-for final talks on EC association treaties in Brussels this week, Christopher Bobinski reports from Warsaw.

The Poles, after the recent election boosted the nationalist lobby in parliament, are under pressure to negotiate a satisfactory pact. Success could see the three initialising an accord on November 15 and signing documents a month later.

Their chief trade negotiators recently agreed to press the EC to lift all textile import quotas within five years, fixing a timetable for the moves. They will press the EC to ease import curbs on other products by 20 per cent a year, and want safeguard clauses.

## C and W Soviet deal

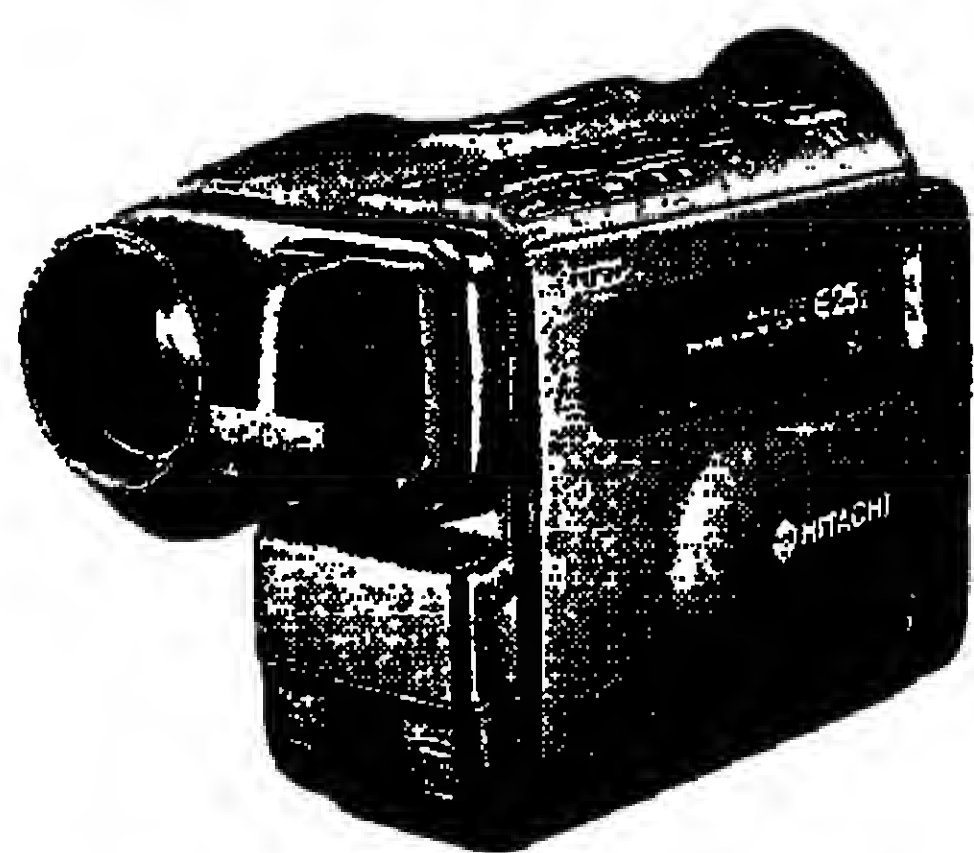
CABLE and Wireless of the UK has signed agreements for joint ventures with Soviet partners to set up and run international telecoms systems, it said yesterday, agencies report. Phone, facsimile and data services will start up early next year in Nakhodka and Sakhalin, both free economic zones in the Soviet Far East. The services are aimed at banks, consulates and hotels.



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JULY 1991



# Backing the winners

The Rugby World Cup proved a sporting triumph, and the support of Ricoh, a world leader in office automation equipment, was a major factor in its success

**A**USTRALIA'S thrilling victory over England in the final of the Rugby World Cup Tournament at Twickenham, London, last Saturday was watched by hundreds of millions of fans throughout the world. Yet the success of the Rugby World Cup had already been assured: unprecedented interest was shown in the tournament by the international press and television, not to mention the enthusiasm of rugby's many devoted followers across the globe.

The success of every major sporting event, however, depends to an extraordinary degree on organisation, technological expertise and financial support, particularly from large corporate sponsors. And in the world of corporate sponsorship, few companies have done so much, over such a long period of time, than Ricoh, the global leader in office automation.

Ricoh was a major sponsor of the Rugby World Cup, supplying all the copying and facsimile machines used at the tournament's media centres. And the company is also the Official Olympic Facsimile Network Sponsor for next year's Olympic Games in Albertville and Barcelona.

Over the years Ricoh has also been an enthusiastic and generous backer of the Tour de France, the supreme sporting event for the world's cycling fraternity, and has provided strong support for numerous community activities in the many countries in which Ricoh operates.

As an international group employing 44,500 people in 127 subsidiaries, eight research institutes and 24 modern production subsidiaries, Ricoh takes its obligation to the wider community very seriously. Sponsorship on a world scale is seen as one important way of showing this commitment. Ricoh's support for the 1991 Rugby World Cup programme, according to Mr Susumu Ichioka, Managing Director of Ricoh UK, "fully complements our sponsorship programme."

As well as contributing a substantial cash contribution to the rugby series, Ricoh has supplied and serviced all copying and facsimile machines being used at the media centres at each of the 19 venues throughout the United Kingdom, Ireland and France for use by more than 4,000 media representatives.



At the heart of the action: Ricoh's sponsorship helped the Rugby World Cup grab the attention of millions

At the height of the tournament, Ricoh was moving equipment from match to match across each of the countries involved — more than 400 machine movements in all were carried out up to the final match.

The chosen machines included the FT5590 Copier with its extremely fast copy speed, the FT3320, which comes with a high reputation for reliability, and the durable, multi-featured Facsimile 80 and 85.

Rugby World Cup's Allan Callan warmly welcomes Ricoh's support: "We are delighted that one of the world's leading multi-nationals is a sponsor of Rugby World Cup 1991 and we appreciate their valuable contribution to this event."

For a company which has determinedly developed its European activities in the last decade, Ricoh's exposure at the Rugby World Cup can only help raise its growing profile in Europe. As Mr Susumu Ichioka says: "We selected the Rugby World Cup as an excellent vehicle for increasing the

awareness of our name and products within our target audience."

Within Europe this target audience has grown rapidly in the last decade as Ricoh has expanded.

Established in Europe in 1963, Ricoh Europe BV today has its headquarters in Amstelveen in the Netherlands from which it looks after its seven sales subsidiaries and two production subsidiaries — one at Telford in England's West Midlands and the other at Colmar in France. With 2,400 people already employed in Europe, Ricoh Europe will see further expansion in employment when a new thermal paper plant opens at Colmar next spring.

The heightened awareness of Ricoh following the Rugby World Cup will be a forerunner to the attention certain to surround the Winter Olympic Games in Albertville, France early next year and the Summer Olympics in Barcelona, Spain.

For Ricoh has successfully completed the world first Olympic Facsimile Network. The network, which is now fully operational, links the International Olympic Committee (IOC) in Lausanne, Switzerland with the Olympic Family around the globe. This involves all 165 National Olympic Committees, 89 IOC members and 33 International (sports) Federations.

The challenge of building the world's first such fax network has involved members of the Ricoh Family in complicated coordination around the world. Mr Hidesato Okashita, General Manager of the International Marketing Division, who has overall responsibility for the programme in the 160-plus countries involved estimates that as many as 30 users saw a fax machine for the first time when

Ricoh set up their fax facilities. The impact of fax in such countries will therefore be felt long after the 1992 Olympic Games are over.

Ricoh is regularly receiving positive feedback from the many members of the Olympic Family already using Ricoh's facsimile machines.

The network is already handling hundreds of messages a day demonstrating the speed and convenience in communicating among peoples

Afsharzadeh appreciates the fact that "texts and other documents can be sent by fax on an urgent basis." American Samoa's Joseph Toloa'i Ho Ching puts it most simply of all: "A facsimile is the fastest way of communication."

At a formal ceremony in Tokyo in late August to mark the completion of the network, IOC President H.E. Juan Antonio Samaranch, whose idea it was to have a fax network for the 1992 Olympics, paid tribute to the work



Ricoh UK Ltd managing director Susumu Ichioka (left) with Nick Farr-Jones, captain of the victorious Australians, and Yoshiharu Moriya, chairman of Ricoh Europe BV

of different backgrounds and languages around the world. A few examples give a glimpse of the universality of the fax revolution.

Of the Official Fax Network, Mr T.A.G. Sithole, president of the Zimbabwe Olympic Committee, says: "It is invaluable. It more than meets our expectations."

This view is echoed from the other side of the world where Guam's Monica Okada declares: "Since receiving the Ricoh fax machine, we have been able to devote one machine for outgoing transmissions." Iran's Bahram

done so far.

To an audience which included Ricoh President Hiroshi Hamada and Michael Payne, marketing director of the IOC, President Samaranch said: "Ricoh has made a truly invaluable contribution to the Olympic Movement — a legacy that I am sure will serve us well for many years to come."

Mr Samaranch then sent letters announcing the completion of the network to each of the 151 countries linked via the Official Fax Network. By using the broadcasting function of Ricoh's 7000 L digital fax, the IOC

President was able to transmit all the messages at the same time.

As well as building and maintaining the network, Ricoh is supporting many related activities by, for example, providing fax machines to assist official proceedings at the 96th and 97th International Olympic Committee sessions in Tokyo in 1980 and Birmingham this year.

A further sign of Ricoh's commitment to the international sporting world emerged with the company's support for this summer's Third IAAF World Championships in Athletics in Tokyo which featured the participation of some 2500 athletes from 186 nations, making the event one of the world's most important athletic competitions.

Ricoh's sponsorship is no "flash in the pan." The group's involvement with the Olympic Movement, for example, goes back to the Los Angeles Olympics in 1984. In Europe, Ricoh has sponsored the world-renowned Tour de France for the past five years. During the 78th Tour de France, which started in Lyon in early July this year and ended three weeks — and almost 4,000 kilometres — later in Paris, every one of the 198 cyclists wore the Ricoh backnumber.

Some 400,000 copies of results and overall rankings were provided by Ricoh copier machines to the 700 journalists covering the event which appeared live on television in most countries in Europe and many others throughout the world.

While global events like the Olympics or the Rugby World Cup understandably capture the headlines, Ricoh has been increasingly participating in smaller, but significant, sponsorships at the local community level.

For example, Ricoh UK Products Ltd at Telford has been active in supporting local activities such as the historic industrial museum at Ironbridge, birthplace of the Industrial Revolution, and the new Telford Athletic Track.

Ricoh Industrie France SA has participated in a number of ventures including the restoration of the beautiful Old Customs House in the centre of historic Colmar.

Sponsorship, at any level, is not a quick way into a market nor an easy way to make your company's name known. Indeed, only a company which is supremely confident of the excellence of its products can possibly risk sponsorship in a big way, for the bigger the event which a company sponsors, the greater the pressure on the sponsoring company to show that its goods and services are worthy of the event.

Like the World Rugby stars or the Olympic athletes, Ricoh is also in the spotlight with its products having Grand Slams and Gold medals to win.

Ricoh has shown over the years that it can match its sponsorship with performance and its commitment has begun to pay off as the Ricoh name becomes increasingly recognised as a symbol of reliability and quality on the world's business scene.

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## INTERNATIONAL NEWS

## India sees signs of recovery as inflation falls

By David Housego in New Delhi

THE Indian government's tough economic stabilisation measures seem to have borne fruit, with clear signs emerging that inflation is now on a downward trend.

According to figures published yesterday, the year-on-year inflation rate had fallen to 13.4 per cent in mid-October from a high in early September of 15.7 per cent. The rate, as measured by the wholesale price index, had flattened out for some weeks before dipping.

The drop in the rate marks a

considerable success for Mr Manmohan Singh, the finance minister, who has consistently maintained that inflation would come down in October in response to the government's tight monetary policies. The prime commercial bank lending rate has been lifted to 20 per cent. Some economists, by contrast, had predicted that spiralling inflation in the wake of the 20 per cent devaluation of the rupee in July posed the main threat to the success of the restructuring programme.

But though rising prices have damaged the government politically, they have not brought the substantial public sector wage increases which had been feared. However, the extent of the political damage to the government will emerge from the results of by-elections to be held on November 18. In advance of these, the government has refrained from passing on some administered price increases, notably in coal.

The good news on the prices front has come at the same

time as a sharp rise in the foreign exchange reserves from a low of Rs28bn (£523m) in June to Rs60bn. Much of the increase comes from fresh borrowing that the government has arranged through the multilateral institutions - but this has given it more leeway in managing the balance of payments and enabled it to redeem \$400m (£225m) of gold pledged abroad this year to raise short-term funds.

The main worry remains the still poor export performance.

Exports declined in dollar terms by 7.8 per cent in the first five months of the current financial year (April-August). This was compensated for by an even sharper 15.3 per cent decline in imports, resulting in a 45 per cent decline in the trade deficit compared with the same period last year, to \$1bn.

But imports have been artificially held down by the emergency restrictions that have been in force and will rebound once they are removed and investment resumes.

## Manila welcome for Imelda Marcos

By Our Foreign Staff

MRS Imelda Marcos, widow of the late Philippines dictator, Ferdinand Marcos, arrived in Manila yesterday, clutching a rosary and promising national reconciliation six years after she and her husband were driven into exile.

More than 10,000 Filipinos lined the roads, waving flags and chanting "Imelda, we love you".

Mrs Marcos denied that she had any political agenda but when asked if she would be a political kingmaker, she said: "When the people speak, Imelda listens."

Vice-President Salvador Laurel said she would unite the opposition before next May's elections. Mr Laurel, who is politically estranged from President Corason Aquino, is planning to run for president on the Nacionalista ticket and sources say he is hoping for Mrs Marcos' support.

Analysts say Mrs Marcos is also considering standing for

president. Mrs Aquino had earlier ruled out a second term but is said to be reconsidering. The scenes of welcome for Mrs Marcos are expected to be repeated in the next few days as she tours the provinces while she waits to be arrested on charges of corruption and tax evasion.

She is formally accused of 70 counts of tax evasion and corruption, but government officials have said they will wait for 48 hours before serving an arrest warrant. Mr Antonio Coronel, her lawyer, is expected to post bail amounting to just a few thousand dollars.

If Mrs Marcos is not put on trial by December, the Swiss government will unfreeze assets in its banks and return them to her. Her return allowed the Philippines government to agree to drop two civil suits against her in the US in return for the valuables and cash the Marcoses took into exile in 1986 that were confiscated in Hawaii.



Some of the 1,500 Vietnamese at Hong Kong's Whitehead detention centre for boat people who demonstrated yesterday in protest against planned forced repatriation

## Malaysia ignores the economic doomsters

By Lim Siong Hoon in Kuala Lumpur

WHEN THE Malaysian government pledged, in its 1992 budget last week, to continue with rather than retreat from its fast-track growth strategy, it made the brave assumption that prices would remain stable and resources adequately available.

Gross domestic product next year, it calculates, would hence grow in real terms at the present annual rate of about 8.5 per cent; consumer prices would rise by no more than the official level of 3 per cent.

Interest rates, after having risen by about 2 percentage points this year to 9 per cent, are expected to stabilise at this level although, during the past year, growth in investment outpaced savings by almost sixfold.

Full employment, as defined by its 5.6 per cent unemployment rate, was also proclaimed.

Based on these forecasts, the government sees no urgency in dealing with the country's widening current account deficit and rising inflation - something which surprises many analysts and economists. Until the budget announce-

ment, they had thought that tough, if not bold, fiscal and monetary measures would have been inevitable.

The Malaysian economy is already straining after four years of GDP real growth rates of between almost 9 and 10 per cent.

Merchandise trade would reverse into a deficit for 1991, the first time in nine years, according to official forecast. Next year, it is expected to deteriorate further, the deficit almost doubling to nearly \$24bn (£250m).

As a result, too, the current account deficit is worsening just as quickly, turning from a \$35bn surplus in 1988 to a projected deficit of \$312bn, or nearly 10 per cent of 1991 GNP. This latest projection is up three-fold from the earlier official forecast of \$84bn; next year, it is expected to touch \$141m.

One consequence has been a relative decline in the country's international reserves, which at \$28bn this year are sufficient to finance 3.2 months of imports, compared with 4.1 months last year and 5.3 in 1988.

Thus, local media attention and stock

market talk in recent months had been playing on many of the effects of these pressures. They argued for the need to curb consumer credit and impose controls on new, taxes to curtail double-digit domestic demand growth.

Yet, if any, of the provisions in the budget are expected to help slow economic growth, which analysts think would be needed if there is to be relief from higher prices, and shortages in labour, domestic savings and other supplies.

"It is a budget that never was," commented one analyst.

Moreover, next year's federal government expenditures would be raised by 18 per cent to \$450bn with a \$77bn budget deficit, the equivalent of 5.4 per cent of GNP, compared with 4.9 per cent last year. Half of new capital expenditures would go into infrastructure and agriculture; civil servants would get a pay rise.

The government's confidence that the economy is sufficiently resilient hinges on a number of assumptions, as well as on its own powers of persuasion and

the legal instruments available to it, such as price controls to deal with inflation.

It assumed that exports would pick up when world trade rebounds next year as the global economy, particularly in the industrialised countries, is expected to grow by 3 per cent.

While conceding that the current account deficit is large, Mr Anwar Ibrahim, the finance minister, argued that it was merely temporary rather than structural. GDP growth in recent years had been the fastest and longest in Malaysia's economic history, he said, and was, therefore, a testament to workable and sound policies.

The statement, in his maiden budget speech, was also a tribute to Mr Daim Zaiduddin, his predecessor. But Mr Anwar, who assumed the job seven months ago, is a fast-rising politician faced with the unpleasant task of unravelling the economic consequences of years of a fast-track growth strategy. In dismissing those consequences, he has at least resolved a political dilemma.

## West divided on pace of renewed ties with China

High-level German and US visits to Beijing will test allied policy unity, writes Our Foreign Staff

CHINA'S foreign ministry defines the present state of relations as "fully restored" with Japan, "basically restored" with western Europe, but "not fully restored" with the US.

A ministry official said in Beijing last week that China would not like to see the present state of Sino-US relations continue. His hopes were given substance on Sunday night when Mr James Baker, the US secretary of state, announced he was paying a visit later this month.

Mr Baker will be the most senior American to visit China since the bloody suppression of the pro-democracy movement in Beijing in June 1989. His visit is being seen as a big diplomatic coup for China which for many months has been finding attacks by Congress on its human rights record, its alleged export of prison-made goods, abuse of international copyright and intellectual property rights, and proliferating sales of arms and weapons technology.

The Chinese foreign ministry's assessment reflects differences within the west, both of emphasis and speed, over restoring full links. Mr Jürgen Möllemann, the German economics minister, is due to arrive in Beijing at the head of a delegation comprising both government officials and business executives in a visit which is expected to concentrate on economic co-operation.

"The political situation between China and Germany is very much the same as the one between China and the US," a German business executive said. "The government would like to promote German-Chinese relations, but the German parliament, like the US Congress, is more concerned with human rights (Chancellor Helmut Kohl and the government would like to re-establish ties as before)."

The high point of Chinese contacts with the industrialised world since Tiananmen was the visit this summer by Mr John Major, the British prime minister, following that of Japan's Mr Toshiki Kaifu. Mr Major's mission was reciprocated last month by a low-key visit by Zou Jiahua, a Chinese vice-premier.

The major trip, made in 1987 to sign the accord on the 1997 handover of Hong Kong, also appeared to be instrumental in securing the release and return to Hong Kong the following week of one pro-democracy activist. But Zou, in answer to questions put by the Financial Times, made clear his government would still brook no interference on human rights within China and remained unmoved by the overthrow of communism in

the former East bloc - both of which issues he designated in the usual Chinese phrase as "internal affairs".

Britain's relations with China have long been given a particular twist by the position of Hong Kong. Indeed, fears about Beijing's intentions to wield an ever greater say in its administration before the resumption of Chinese sovereignty are unlikely to be fully allayed by Zou's insistence on an "intensification of Sino-British consultation and co-operation on major matters straddling 1997". He stressed, however, that this would be undertaken within the framework of the joint declaration on the future of the territory.

Zou, appointed earlier this year with a reputation as a hardliner, was similarly unyielding on wider economic issues. "There exist no trade

barriers in China," he said. With the US Congress attempting to make China's Most Favoured Nation trade status conditional on a positive response to its complaints, congressional critics point to the growing trade deficit with China, accusing Beijing of dumping goods, of circumventing quotas and erecting barriers to the entry of US goods into its markets.

The White House holds that China is too important and too big to ignore, with its considerable influence in the region and immense economic potential.

The US administration does, however, acknowledge the problems, among them human rights abuses, China's trade surpluses - pushing out to an expected \$15bn this year from some \$10.4bn - and Beijing's sales of arms abroad. Most recently the US press has reported American officials who believe Beijing is helping Iran acquire nuclear equipment which could be used for military purposes. China denies the charge.

The accusations from Wash-

ington come at an awkward time for China as it tries to convince the rest of the world of its willingness to co-operate in reducing the proliferation of conventional and nuclear weapons. In August it announced its intention to sign the Nuclear Non-Proliferation Treaty, though it has yet to do so. Sino-US relations dipped again when China threatened the US that it would have no role in its market of 1.1bn consumers if Congress won its fight to attach human rights and other conditions to MFN renewal.

Mr Möllemann is expected to focus on Germany's growing trade deficit with China. Although Germany's DM3.7bn (£1.27bn) deficit is not as severe as that of the US, Bonn does face problems similar to those which have become such a sore point between Washington and Beijing.

Like the Americans, the Germans are grappling with obstacles to imports such as customs restrictions, quotas, and licensing regulations. German companies also believe their sales have been hard-hit in China not only by market barriers but also by their own Government's domestic soft-loan policy.

Following the Chinese suppression of the pro-democracy movement, Bonn closely tied its development aid to humanitarian needs, environmental protection, irrigation projects and agriculture.

Bonn does not officially support telecommunications development or approve the use of soft loans for more sophisticated industrial projects.

One German exporter has complained that, because of German parliamentary policy on soft loans after the Chinese political crackdown, it recently lost the opportunity to help develop China's telephone switching capacity.

At a recent joint meeting between European Commission representatives and the Chinese ministry of foreign economic relations and trade (Mofert) in Beijing, Mr Hans Andriessen, vice-chairman of the Commission, said the present was a time for discussion, not for confrontation or unilateral action. The Commission agreed to establish working groups to investigate and discuss the obstacles to free trade in China and propose solutions.

The limits to this from China's point of view were outlined last week by vice-premier Zou who, at the same time as denying the existence of trade barriers, rejected any idea of completely open markets, saying: "We can't spend large amounts of foreign exchange to import those things which we can already produce ourselves."

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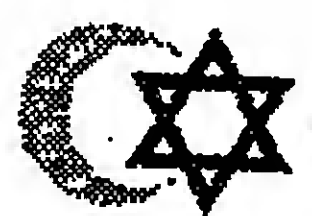
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# First line of Mideast diplomatic defences broken down

Old regional taboos have been overcome but the key to peace remains elusive, write Hugh Carnegie and Tony Walker



HE WAS way behind schedule, he had spent 14 tortuous hours sorting out yet another Arab-Israeli wrangle and he faced a long night flight home. But Mr James Baker, the US secretary of state and consummate master of ceremonies at the Middle East peace conference, was well satisfied.

None of the rancour and procedural bickering which had marred events in Madrid should obscure the central achievement, he told a closing press conference.

Syria, Jordan, Lebanon and the Palestinians had met Israel not just in a symbolic ceremonial gathering, but had actually gone on to talk peace in bilateral meetings for the first time.

The word historic was heavily overworked in Madrid, but it was hard to argue with Mr Baker that the events were indeed that, a breakthrough which cracked old taboos in the Middle East. In ambition at least, they surpassed even the peace made by Israel and Egypt in 1979.

Mr Benjamin Netanyahu, the volatile Israeli deputy foreign minister, reflected that his country had sought such a thing since its creation in 1948: "Israel is now surrounded by a ring of talks. We hope it will replace the circle of guns."

Mr Baker himself would make no



Divided: Israeli delegate Yosef Ben-Aharon and the Syrian spokesman Muwaffak Allaf tell reporters of their delegations' frustrations at separate press conferences yesterday

promises about the outcome of the process that he had set in motion.

"There can't be any guarantees," he said. "This is the Middle East."

On the credit side sits the very fact that the conference took place. The US and Soviet co-sponsors had to shove the Syrians and Lebanese into the second phase bilateral talks under furious protest, but they succeeded, completing the ambitious agenda they had set.

Most significantly, the direct talks between Israel and a joint Jordanian-Palestinian delegation went off well. Ignoring the objections of Syria, the Jordanians and Palestinians got straight down to business, agreeing to move on to substantive talks with Israel within two to three weeks.

By this alone, Mr Baker had achieved what he failed to pull off in 1989 when Mr Yitzhak Shamir, the

Israeli prime minister, balked at entering Israeli-Palestinian talks.

There are entries on the debit side. No place or date has been agreed for the continuation of any of the bilateral talks. Although Israel, Jordan and the Palestinians seem likely to reach agreement on this soon, a resumption of the Israeli-Syrian and Israeli-Lebanese talks will require much behind-the-scenes cajoling by the US.

Beyond that, the multilateral phase of the negotiations, originally due to begin on November 14, are almost bound to slip. Syria is strongly resisting starting such talks - meant to take up regional issues such as arms control, water, and economic co-operation - until it has made progress on its key demand that Israel withdraw from the occupied West Bank, Gaza Strip, east Jerusalem and the Golan Heights.

Where, then, does the opportunity for progress lie? Clearly the best hope is in the triangular Israeli-Jordanian-Palestinian talks. As these will deal with the core issue of the West Bank and Gaza Strip, any advance towards an agreement could give momentum to the wider process.

The key factor that may generate progress is the changed attitude of the Palestinians. After 24 years of occupation in the West Bank and Gaza, and 19 years before that of living with the trauma of Israel's creation, the Palestinian mainstream has accepted that it cannot reach the goal of independence in one leap.

Those leading the Palestinians in the talks openly admit that they have no choice now but to take the limited self-rule on offer from the Israelis and hope to build on it later. Ironically, it is the very strategy by which the Zionist movement achieved the establishment of the Jewish state.

One of the Israeli negotiating team said yesterday that figures such as Dr Haidar Abdul-Shafi, the leader of the Palestinian delegation, and Mrs Hanan Ashrawi, the group's spokeswoman, constituted "a very intelligent political independence movement" who were now skilfully

playing their limited political hand.

However, the way forward to an agreement is far from clear. The Palestinians want Jewish settlement in the West Bank and Gaza halted; Israel refuses. The two sides have vastly different views on the scope of self-rule. Israel continues to insist that it will not concede Palestinian sovereignty in the West Bank and Gaza when final status talks start three years after an interim settlement.

Another difficulty is whether progress can occur between Israel and Jordan and the Palestinians not to go forward.

Mr Shamir, who has always insisted that any agreement with the Palestinians must be matched by peace accords with Syria and other Arab states, may also be reluctant to give autonomy to the West Bank and Gaza, without receiving something in return on other fronts.

The optimistic view, on the other hand, sees the makings of a deal between Israel and Syria. Israel has dropped hints that it may be ready to consider formal acceptance of Syrian sovereignty over the Golan Heights, which it occupied in 1967 and later annexed, in return for US-backed security measures.

That would undoubtedly unlock the door to a regional peace that has been bolted four decades in Madrid, the warring neighbours gathered at the threshold for the first time. The challenge now is to find the key.

## Israel sets up Golan settlement

By Judy Matz in Jerusalem

BARELY 12 hours after concluding a first round of peace talks with Syria in Madrid, Israel opened a new settlement on the disputed Golan Heights.

Hardline members of Mr Yitzhak Shamir's government attending the ceremony used the opportunity to launch bitter criticism of Syria, from which Israel captured the Golan Heights in 1967.

The settlement, named Kela, was formerly the site of a kibbutz and will be inhabited by Soviet Jewish immigrants who arrived in Israel last month.

Speaking at the inauguration ceremony, Mr Ariel Sharon, the housing minister, noted with scorn how Mr Farouq al-Sharaa, the Syrian foreign minister, had attacked Mr Shamir during a speech delivered at the peace conference.

"And who did this?" Mr Sharon asked. "The representative of a country that is unmatched in cruelty, the representative of a murderous dictatorship that destroyed one of the ancient cities of the world, Hama, and buried under its ruins at least 30,000 men, woman and children."

Mr Yuval Ne'eman, the energy minister, said that like Germany, the Arabs must renounce their claim to lands lost during war. "This is the only concession that can bring peace," he said.

## Israeli shells again fall on south Lebanon Jordan wants Palestinians to return home

ISRAEL and its militia allies shelled parts of south Lebanon yesterday but firing was much lighter than last week, Reuters reports from Tyre, Lebanon.

Security officials said Israeli and "South Lebanon Army" (SLA) gunners fired about 30 artillery shells into the Nabatiyyeh area, a springboard for guerrilla raids on Israeli targets, on Sunday night and yesterday. In eastern Lebanon's

Bekaa valley, about 17 mortar bombs hit the villages of Khabrakha and Tontine, just outside Israel's self-proclaimed security zone in the south. "Despite some shelling, the general atmosphere throughout the south is one of cautious calm," said one security official.

Last week, Israeli troops and the SLA fired hundreds of artillery and mortar shells

into villages held by the pro-Iranian Hizbollah (Party of God) for five consecutive days. The pounding eased on Sunday.

Mr Yassir Arafat, the PLO leader, said the Middle East conference had been very positive so far and he expected it would continue smoothly with the help of the US, Reuters reports from Washington.

Interviewed on NBC televi-

sion from PLO headquarters in Tunis, Mr Arafat reiterated his confidence in the delegation which represented the Palestinians and their preference that further bilateral talks with Israel take place in Washington, Moscow or an Arab capital. "We consider it has been going in a very positive way till now. We hope this will continue at the next stage."

JORDAN said yesterday it would insist that more than 500,000 Palestinians who have lived in the kingdom since the 1967 Middle East war would return to the West Bank as part of any peace deal, Reuters reports from Amman.

The kingdom, home to nearly 1m Palestinian refugees from two Arab-Israeli wars, also pledged to press for compensation for itself and those Palestinians who had lost property during the creation of Israel in 1948.

Mr Adel Isheid, head of the foreign

ministry's Palestinian affairs department, said the fate of 960,212 Palestinians registered with the United Nations as being in Jordan would be tackled during the third phase of peace talks which will also cover other regional matters such as arms control and water rights.

"Regarding those who became displaced in 1967, Jordan will insist that they return to the West Bank to join the new political situation that will emerge there at the end of the peace talks," said Mr Isheid, Jordan's top refugee official.

The UN figure includes 430,083 official refugees who fled their homes in areas on which the Jewish state was created in 1948. The rest, those who came to Jordan during the 1967 war when the West Bank was under Jordanian rule, are registered as displaced.

"Jordan will depend on UN resolution 194 in dealing with the refugees of 1948," Mr Isheid said. Resolution 194, passed in 1948, says Palestinians anywhere have the right to return or be compensated for lost property.

## Armed police replace Zambia's copper chiefs

ARMED paramilitary police yesterday searched the head office of Zambia's state copper monopoly and are reported to have helped a new manager take over, AP reports from Lusaka.

The raid was dramatic evidence that President Frederick Chiluba plans to install a new order following his election victory over Dr Kenneth Kaunda, who led Zambia to independence from Britain in 1964.

The police barred workers from mining in or out of the opulent copper-plated high-rise building for nearly three hours, preventing them from removing piles of documents that might offer a clue to alleged embezzlement.

The paramilitary, previously loyal to Mr Kaunda, searched offices of Zambia Consolidated Copper Mines (ZCCM) chief executive, Mr Francis Kaunda (no relation to former head of state) and other managers.

One of his closest advisers, Mr Emmanuel Hachipuka, said the paramilitary police also helped install Mr Edward Shumute, former general manager of one of the mines, to replace Mr Francis Kaunda.

Mr Dunstan Chapanta, ZCCM spokesman, confirmed the raid, but said Mr Shumute had made no formal announcement that he was taking over.

Ex-President Kaunda on Thursday lost Zambia's first multi-party elections since 1988. Mr Chiluba, a 46-year-old trade union leader, has vowed to stamp out corruption, restore efficient management and privatise 80 per cent of the loss-making industries that were nationalised.

Mr Chiluba and his Movement for Multi-Party Democracy last week captured more than four-fifths of the popular vote, securing 126 of the 180 parliamentary seats against 22 for Mr Kaunda's United National Independence Party.

## Cameroon's reform spurned

CAMEROON'S prime minister, Mr Sadio Hayatou, yesterday rejected opposition demands that a meeting on electoral procedure should be broadened into a national conference on democratic reforms, Reuters reports from Yaounde.

He also dismissed a call for the meeting of 200 representatives from 48 parties, which opened on Wednesday, to be granted powers to enforce any decisions it might make.

The only concession Mr Hayatou made was to permit five co-chairmen to join him in running the discussions. President Paul Biya, who legalised opposition parties this year, has opposed a national democratic conference despite five months of strikes and civil disobedience. In Niger, to the north of Cameroon, a national conference ended with President Ali Saibou, stripped of most powers, warning that murderous feuds and rebellions could wreck the country.

## CONTRACTS & TENDERS

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Financial data of ASPROFOS for the last five years are shown below.

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HAR reserves the right, at its absolute discretion, to conduct either directly or indirectly through its financial advisors or third parties, any enquiry that they may judge appropriate regarding the financial and business capability of any party expressing interest, as well as not to allow any party to participate in the offering programme.

Those parties that will be invited to participate in the offering programme will be required to sign a Confidentiality Agreement before they are provided with information regarding ASPROFOS and the offering procedures.

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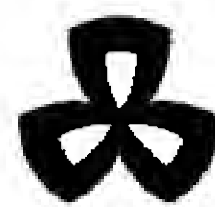
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## AMERICAN NEWS

## Unrest on island of tranquillity

Canute James explains why Barbados has turned against its premier

FOR many decades an island of tranquillity in the Caribbean, Barbados has been buffeted by angry public reaction to austerity imposed by the government to meet conditions for assistance from the International Monetary Fund.

A general strike called yesterday is the latest in a series of public demonstrations by trade unions and the business community against the policies of Mr Erskine Sandiford, the prime minister. Mr Sandiford, who kept office in elections 10 months ago, is being told by the political opposition and the unions that he should resign.

Mr Sandiford says the economic measures are necessary to support the economy, and that the alternative - a currency devaluation - will do more harm than good. He says the changes his critics want cannot be made because of the agreement with the IMF.

Under the pact, Barbados is to have access to \$58.1m from the IMF over the next 18 months. Barbados is not used to such economic pain. The performance of the island's economy, which is based on tourism and sugar, had provided a stable base from which the 250,000 people of the island had looked on, bemused, at the problems which overtook their neighbours such as Jamaica, Trinidad and Tobago, and Guyana.



It is the recent failure of sugar and tourism which has brought pressure to the economy, leading to the current political problems. The sugar industry has failed to meet production targets for the past few years, and this year's harvest was the lowest in 60 years. The industry has run out of money and has been temporarily shut down.

The number of tourists visiting the island last year was 6.3 per cent less than 1989, and arrivals in the first quarter of this year fell 10.2 per cent. The economy contracted 3.5 per cent last year and by 1.5 per cent in the first quarter of this year.

In order to repay a Japanese loan of ¥4.3bn (\$33m), which was due last month, the government is selling its stake in the island's telecommunications companies.

In seeking assistance from the IMF, the administration was faced with the choice of severe cuts in public expenditure and a devaluation of the traditionally strong Barbadian dollar.

Declaring that Barbados was "experiencing a serious economic crisis," Mr Sandiford asked for a 10 per cent wage and salary cut and a 10 per cent increase in the value-added tax.

The general strike was called after unions failed to get the government to restore severance pay and unemployment benefits to previous levels. The protests were first supported by the island's business sector, which took part in last month's street demonstrations. But business leaders have withdrawn their support for

the general strike, saying the issue is becoming party political.

"It is regretted that more time could not have been given to arrive at a satisfactory solution without resorting to further industrial action," said a joint statement of the Chamber of Commerce, the Manufacturers' Association, the Hotel Association, the Agricultural Society and the sugar industry. The statement said the private sector bodies regarded the general strike as escalation of the industrial action into a political protest.

For their part, the political opposition, which has attacked the prime minister's handling of the economy, has not presented an alternative programme. Economists in Barbados have suggested that there are very few options for any administration.

The developments in Barbados are being viewed with concern by its neighbours. The island, one of the more important members of the Caribbean Economic Community, is a big market for its community partners.

If Mr Sandiford's administration were forced into a currency devaluation, this could have a domino effect on neighbouring economies, and also put pressure on the strong Eastern Caribbean dollar.



Erskine Sandiford: paying for his country's economic pain

## New Argentine army supremo pledges reform

By John Barnham in Buenos Aires

GENERAL Martín Balza was sworn in yesterday as Argentina's eighth army chief in as many years, promising to carry out sweeping reform of a force which has resisted all significant change since relinquishing power to politicians in 1983.

Gen Martín Bonnet, the outgoing army commander, was forced to resign last week after Mr Erman González, defence minister, rejected his draft list of promotions. Analysts say this was only a pretext to replace Gen Bonnet.

The new commander faces two challenges. First, he must restore morale and discipline in an army demoralised by shrinking budgets and the loss of its political role. This has generated unrest which has boiled over into four mutinies since 1987.

Second, Gen Balza must restructure the force by privatising its extensive industrial holdings, valued at \$5bn (\$2.9bn), and reforming its

command structure. The Argentine army is top-heavy, with 6,000 officers in charge of only 24,000 non-commissioned officers and 13,000 conscript soldiers.

Furthermore, 30 per cent of the \$2bn-\$2.4bn military budget is spent on wages and military pensions.

However, analysts criticise the government for not imposing a clear defence policy, despite its recent good links with the military. Reform-minded soldiers and civilians would like to see a smaller, more professional force with a strong rapid-deployment capability.

Gen Balza, formerly army second-in-command, is seen as a tough but pragmatic soldier widely respected by his colleagues and committed to democratic rule. He fought with distinction in the 1982 Falklands conflict with Britain and in December last year played a decisive role in ending a one-day mutiny by army rebels.

## Both sides blamed for Lima mass killing

MASKED men shot and killed 15 people at a barbers in central Lima, the government said yesterday. AP reports from Lima, Peruvian authorities blamed the attack on Maoist rebels, but others suspected it was carried out by right-wing paramilitary squads.

It was one of the worst mass slayings in Lima in more than a decade, an official said. Fourteen people, including a nine-year-old boy, were killed at the scene. A woman died early yesterday in hospital and two other victims were in a critical condition.

The victims were largely migrants from the mountainous Ayacucho department who had come to Lima to escape the guerrilla war.

Authorities suspect the attack late on Sunday was carried out by Shining Path rebels, the Interior Ministry said. The group first took up arms against the government in Ayacucho in 1980.

But analysts noted that the Shining Path rarely uses silencers, as the assailants did, and witnesses said the attackers used cars similar to vehicles used by right-wing paramilitary forces.

Newspaper reports, quoting witnesses, speculated the gunmen could have belonged to groups opposed to the Shining Path.

Lima's main daily newspaper, El Comercio, reported that the gunmen fled in vehicles with roof lights like those police use. Paramilitary groups also have used silencers in their assassinations.

The attack came days after the departure of a delegation from the Organisation of American States, which was in Peru for a week to examine Peru's human rights record. More than 23,000 people have died in violence since the Shining Path began its attacks.

## Mexican trade gap 'no bar to fixing peso'

THE Mexican government does not see the country's trade deficit standing in the way of fixing the peso to the dollar, although no decision on linkage has been made, a senior Finance Ministry official said in London yesterday, writes Stephen Fidler, Latin America Editor.

Mr Angel Gurría, under-secretary for international financial affairs at the Finance Ministry, said the government was "not worried the trade deficit will act as a constraint" against fixing the peso. The peso is currently devalued at a 5 per cent annual rate against the US dollar. Fixing it would help in the battle against inflation, which Mr Gurría said the government wanted to bring down to single digits next year, from a rate exceeding 16 per cent.

Mr Gurría - heading a delegation of about 100 Mexican officials, bankers and businessmen visiting Britain this week - told a conference the decision on the peso would be made nearer to the budget in mid-January. The trade and current account deficits were not of concern while they were being financed by capital inflows that did not create debt.

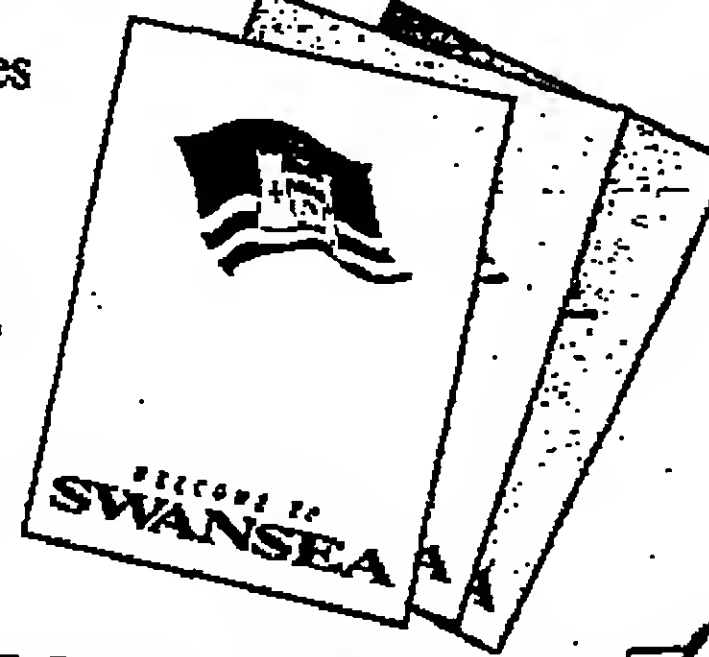
Mexico's trade deficit widened to \$3.75bn (\$2.18bn) in the year to August. This reflects a surge in imports, up 26.6 per cent against the same period last year. However, this is not deterring capital inflows: Mexico's foreign exchange reserves have risen to a record \$16.7bn.

While fixing the peso would help in the inflation fight, it would also push up the price of Mexican goods abroad, making it hard for Mexican companies to export. If the exchange rate failed to hold, it could also damage confidence in the Mexican economy.

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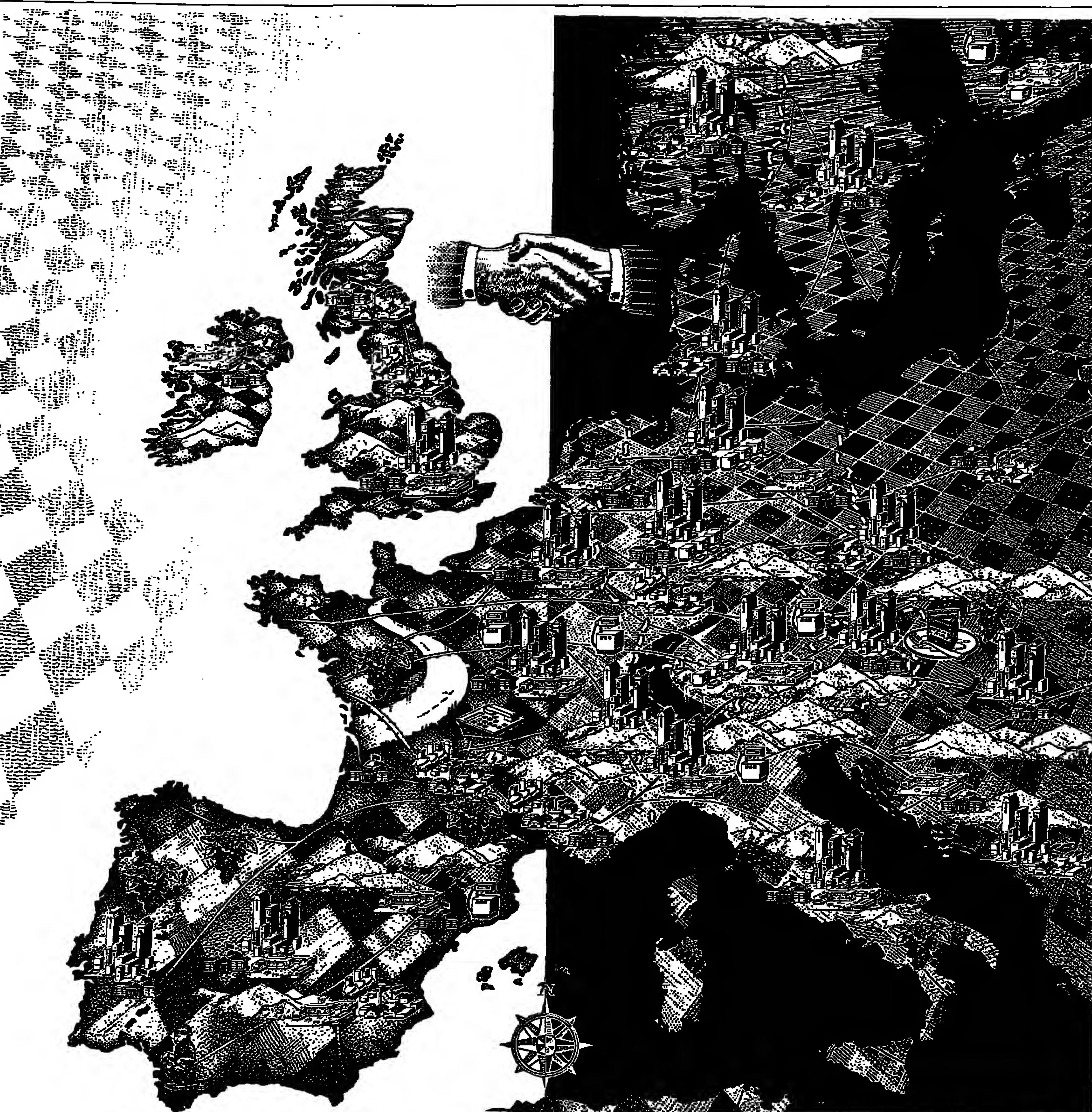


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## UK NEWS

## CBI CONFERENCE

## Lilley rejects calls to champion UK industry

By Michael Cassell

MR PETER LILLEY, trade and industry secretary, yesterday said the government would march "hand in hand with business" but rejected proposals by the Confederation of British Industry (CBI) to make his department a more effective champion of manufacturing industry.

With a general election approaching, efforts were made at the CBI annual conference in Bournemouth to minimise splits between ministers and the employers' organisation.

But despite repeated expressions of common ground, it became clear that some differences still exist.

Mr Lilley, however, won support from his audience by pledging the government would not support a treaty on European economic and monetary union at Maastricht unless the terms were right.

Rejecting suggestions that the Department of Trade and Industry was ineffective in standing up for manufacturers, Mr Lilley said he intended to "hang the drum for industry".

He told CBI delegates: "I am the ears of government listening to business up and down the country and the voice of industry within government."



Peter Lilley, yesterday: CBI plan is "very secondary"

But after his speech, Mr Lilley made it clear he will pursue the CBI plan to separate the DTI's regulatory and promotional activities.

He said the plan formed a

## Employers concerned at EC directives

INDUSTRY is becoming increasingly concerned that the single European market will be undermined by the uneven enforcement of EC directives, according to a debate on the future of Europe, Charles Leadbeater writes.

The conference also voiced concern at the creation of new barriers to trade and a growth in covert government aids to business.

The CBI's differences with the government over Europe have been largely settled by Britain's entry into the exchange rate mechanism and its change of tone over European integration.

Mr Tom Hutchinson, an ICI director and chair of the CBI's Europe committee, told the conference.

It was vital the EC created a mechanism to ensure that directives were enforced in an even handed way throughout the community.

A string of speakers supported moving sterling from the broad to the narrow band of fluctuation within the ERM as a precursor for the creation of a single currency.

However, they warned against accepting important elements of the Commission's social action programme, particularly constraints on working hours, shift working and worker representation within companies.

## Industry 'needs support' to compete

By Charles Leadbeater, Industrial Editor

THE government's arms length relationship with industry will need to be overhauled in the coming decade if British businesses are to meet international competition, Sir Roland Smith, the former chairman of British Aerospace (BAe) warned the conference.

Sir Roland, in his first public speech since his forced resignation from BAe six weeks ago after a boardroom struggle, called on the government to champion British manufacturing in the way foreign governments' championed their national industries.

He was presenting a wide ranging CBI report on the future of British manufacturing, which has been the main focus of his work since leaving

BAe. The report was the centre piece for a debate on government relations with industry.

Sir Roland told the conference: "No matter how efficient British manufacturing companies may be we cannot compete with countries whose governments give overt support to their industries." Manufacturers were not seeking financial handouts which differed from those provided by governments elsewhere, he said.

British policies to support exports and technology must reflect the public funding which is available to the UK's main competitors, Sir Roland said in a thinly veiled criticism of the Department of Trade and Industry.

He called on the DTI to focus

more sharply upon measures to improve manufacturing competitiveness. Sir Roland said: "Manufacturing industry needs an effective DTI primarily working with industry to promote its competitiveness and promoting the trading interests of our companies at the international level."

British companies also wanted the government to provide it with the stable economic environment enjoyed by their counterparts in Germany, Sir Roland said.

Mr Robert Horton, chairman and chief executive of BP, the oil company, warned the conference against going too far in its calls on government to form a closer relationship with industry.

"By all means let us complain if we feel that government policies place us at an unnecessary disadvantage to our competitors. But let's also remember that every time we blame government policies for our own mistakes we increase the risk of losing those very economic freedoms upon which this country's prosperity depends," he said.

The debate on investment prospects was dominated by calls for higher capital allowances to encourage investment. An increase in capital allowances from 25 per cent to 40 per cent dominates the CBI's budget submission, which has already been submitted in draft form to the chancellor of the exchequer.

## Government told to adopt European role

By Michael Cassell

THE British government must play a full role in the development of Europe but it would also have to work hard to end "double-standards and double-speak in Brussels", Mr John Banham, director general of the CBI, told yesterday's conference.

Mr Banham stressed that the CBI fully supported the single market and said a single currency held "absolutely no terrors" for British business.

He suggested the EC needed new powers of enforcement

and a US-style general accounting office to go with them. Otherwise, the single market would "simply provide more hump and constitute a shabby monument" to the effort which had gone into establishing it.

Mr Banham also expressed concern at the prospect of deepening EC involvement in social issues and the prospect of renewed inflation being created by legislation intended to raise standards of living.

The CBI, he said, did not

want to see any extension of qualified majority voting by the Community on social policy and employers would support the government if it resisted pressure for such a move in Maastricht next month.

On the domestic front, Mr Banham said the government's economic policy mistakes had cost billions of pounds in lost output and investment. But economic progress had, nevertheless, been achieved - not least in the field of employ-

ment, with more than 1m additional jobs created in the private sector than in 1987.

He said, however, interest rates had to fall further and called on every government department to postpone any proposals and pay settlements which adversely affected inflation. "It is simply unacceptable that manufacturing inflation should be running at no more than 2 to 3 per cent and falling, while costs outside manufacturers' control are rising three times as fast," he added.

## Dutch wholesaler to close drugs division in UK

By Paul Abrahams and Jane Fuller

MEDICOPHARMA, the Dutch pharmaceuticals wholesaler, has closed its UK operation and is selling assets to AAH, one of the dominant forces in the UK market.

The move coincides with a Monopolies and Mergers Commission investigation of competition issues in the distribution of prescription drugs.

Protection of Medicopharma's position as a new entrant to the UK market was one of the factors prompting the inquiry.

It is already looking at take-over bids for MacCarthy, the pharmaceuticals retailer and distributor, from UniChem, which like AAH has between 25 and 30 per cent of the prescription drugs wholesale market, and from Lloyds Chemists.

It may also have to consider AAH's deal with Medicopharma. The Office of Fair Trading has said it will look at the asset purchases because they could "create a merger situation", although AAH insisted that this was not the case.

The Dutch group said it

believed the OFT would object to the subsidiaries being sold as on-going businesses, so it discontinued operations before selling the assets.

AAH is buying Medicopharma's stock and taking over three warehouses.

In considering bids for MacCarthy, the pharmaceuticals retailer and distributor, the OFT seemed to welcome Medicopharma's presence as a healthy counterweight to AAH and UniChem in the wholesaling of prescription drugs.

Medicopharma had built up a share of nearly 10 per cent. When Medicopharma bought MacCarthy's drug wholesaling business for about £15m in August 1990, a five-year agreement was struck for Medicopharma to supply prescription drugs to MacCarthy's chain of 176 Savory & Moore chemists' shops.

The Dutch group said it was quitting the British market after McKesson, the US wholesaler which owns 10 per cent of Medicopharma, decided to pull out of a proposed joint venture to wholesale drugs in the UK.

## Agreement reached on pay bargaining

By David Goodhart, Labour Editor

THE CBI has reluctantly agreed to support an enormous extension of collective bargaining over social and employment matters proposed by the European Commission.

The CBI, which the CBI is affiliated, reached agreement last week with the European Trades Union Congress (ETUC) on a proposal allowing "social partners" to amend Commission directives.

The ETUC hopes this will make it easier for sceptical governments, especially the British, to accept an extension of majority voting on social and employment issues. This is one of the most contentious issues at the forthcoming EC conference in Maastricht.

The ETUC, and some UNICE affiliates, argue that if employers are integrated into the European policy-making process it is far less likely that

expensive and job-killing proposals will become legislation, as Britain fears if it loses its veto on social policy.

Mr David Lea, assistant general-secretary of the British TUC, said: "This is easily the most important agreement ever reached between UNICE and the ETUC."

Unions and employers are already indirectly involved in some EC social legislation where directives or regulations specify that exemptions can be accepted only where the "social partners" agree.

In the new plan, the Commission would present its proposals to unions and employers who would then "negotiate" over their content and, within nine months, present a recommendation to the Commission. The amended proposals would then go to the Council of Ministers where majority voting would apply.

## Building societies confirm merger talks

By David Barchard

TOWN & COUNTRY Building Society yesterday confirmed that it has begun merger talks with Woolwich, the fourth largest society in the UK.

The move follows last week's decision by the Building Society Commission, the industry watchdog, to send a team of accountants into Town & Country to investigate losses on its mortgage lending.

In a statement issued to customers at all its 78 branches, Town & Country said yesterday that it was in an extremely strong financial position, and its reserves were among the highest of any top 20 building society.

However in view of possible investor concerns arising from recent press comments, the board of directors has taken a

policy decision to seek a merger with another leading building society," the society said.

The Woolwich board is due to meet today to consider the proposals for the merger which will restore it to third place in the building society league table.

It emerged yesterday that, before the Building Societies Commission intervened, Town & Country had held exploratory talks about a possible friendly takeover by Bank of Ireland.

Plans for a takeover - which would have been the first of its sort - were abandoned because of the legal and practical difficulties involved. Editorial Comment and background, Page 18

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## UK NEWS

# Tory right-wing issues warnings on EC policy

By Philip Stephens, Political Editor

MR JOHN MAJOR yesterday faced renewed warnings from the right of the Conservative party over European integration, as ministers underlined their implacable opposition to the imposition of the EC's social charter.

Amid further jostling for influence by the different factions in the Tory party in the approach to the Maastricht summit, Mr Nigel Lawson, a former chancellor, warned that economic and political union would threaten the resurgence of nationalism in EC states.

By contrast, a group of about a dozen backbench Conservative MPs yesterday urged the prime minister to take the initiative in the debate over Europe.

Mr Norman Tebbit stepped up his public opposition to the deal being negotiated by Mr Major on a single currency. The former party chairman said that the erosion of national sovereignty involved in the creation of a single currency risked turning healthy patriotism into the dangerous nationalism which spawned German Nazism.

While Mr Lawson said that

Mr Major was right to accept a treaty on monetary union if it included an "opt out" clause for Britain, Mr Tebbit argued the prime minister should reject any deal.

Mr Lawson said that opponents of federalism should reserve their "shot and shell" for the treaty on political union sought by Britain's partners.

Their comments came as ministers stressed that majority voting on the social charter was as one of the key obstacles to a deal with Britain's partners at Maastricht in December.

Ministers said that a recent Cabinet-level review of the possibilities for compromise at Maastricht had concluded that the extension of Community competence into employment and trade union law was an area in which the government could not give way.

Mr Douglas Hurd, the foreign secretary, told a meeting of foreign ministers in Brussels, Britain was unlikely to accept EC-wide regulation of interior and immigration policies.

## Government admits Iraq got chemicals

By Ralph Atkins

FOUR more batches of chemicals which could have been used for military purposes were exported to Iraq by UK companies prior to Saddam Hussein's invasion of Kuwait, the government has admitted in evidence to a House of Commons committee.

At the same time, the Department of Trade and Industry has refused to reveal to the committee the identities of British companies accused of illegally exporting goods to Iraq. The department's officials are currently investigating about 10 UK companies named by the United Nations as suppliers to Iraq's nuclear, chemical and biological weapons programmes.

A DTI memorandum says the chemicals were believed at the time to be for non-military uses. But their discovery is likely to embarrass Mr Peter Lilley, trade and industry secretary, who has insisted in past that chemicals exported from Britain to Iraq could not have been used in chemical warfare.

The latest details have been sent to the cross-party trade and industry select committee which is about to resume its inquiry into the export of military equipment to Iraq. It is likely to publish the DTI's memorandum soon.

# Car workers unimpressed by Spanish jobs

Chris Tighe and Jimmy Burns find Tynesiders reluctant to start a new life in the sun

THERE was a time not so long ago when some British industrial attitudes towards Spain were summed up in the phrase "Spanish practices" - synonymous with laziness and trickery.

However, last week the industrial heartland of the north-east confronted a Spanish practice of a most unprecedented kind.

On Thursday night, the Spanish carmaker Seat, a subsidiary of Volkswagen, placed an advertisement in the local newspaper circulating in Tyne and Wear, where Japanese manufacturer Nissan has its factory, inviting applications for production management and senior engineer posts at the plant it is building at Martorell, near Barcelona.

Adios pet! trumpeted the headline in the newspaper's front-page story, breaking the news that Seat had singled out the region before any other in Europe, outside Spain, for its recruitment drive.

According to Seat's Barcelona-based director of communications, Mr Enrique Zorzano, the reaction was not long coming.

Within 24 hours Seat's distribution offices in London had been inundated with calls. Mr Zorzano said: "40 per cent of the calls were from the press, but another 60 per cent were



Barry Loneragan: not tempted by Seat's offer

from potential applicants interested in working for us."

Friday was All Saints Day, a holiday in Spain. But Mr Zorzano was at his office working overtime, and in bullish mood.

"Yes, we know all about the so-called Spanish practices, about how the English have their pride and the Spaniards have their fiestas. But there hasn't been a fiesta here for a

long time. Here one works very much."

"We are a Spanish company with 99.9 per cent German capital. We owe the Germans the better quality of our products and the lessons of working harder. In exchange we've shown the Germans some Spanish sense of flexibility."

With its new-found car-making skills and track record as a supplier of willing labour for ships, oil rigs and building sites, the north-east might seem a good recruiting ground for the Spaniards.

But for all the sales-talk, even on a damp, very English November day it was evident it would take more than relocation expenses and Mediterranean sun to tempt most Tyne and Wear residents to a new life in Barcelona.

Job insecurity, loss of pension entitlements, the fierce Spanish heat, health problems, age and family ties were all cited as deterrents.

"My home is here, everything is here, the money here is good and it's handy," said 23-year-old Nissan worker Mr Mark Graham, summing up the feelings of many of his colleagues as they streamed out of the Sunderland plant.

Among the blue-uniformed throng was quality assurance engineer Mr Barry Loneragan, surely just the kind of man Seat wants. He views the Span-

ish recruitment drive as a pat on the back for Nissan quality.

"Some Seat people have come and visited us and they've been impressed." But he would not be tempted away "unless it was an extraordinary amount of money."

Since Nissan chose Sunderland in 1984, its fast-expanding and very productive plant, now employing 3,000 people and currently recruiting 1,000 more, has attracted visits from intrigued competitors, including Volkswagen. It is for that reason Mr Hideaki Hirano, senior adviser to the plant's managing director Mr Ian Gibson, is angry rather than flattered at Seat's recruitment bid.

"It's a very hostile approach, very impolite; we were very generous to Volkswagen," he says. "However, he doubts that transplanting a handful of poached employees would serve any purpose for Seat. 'Top management is so important'."

At the North of England Engineering Employers' Association, director Mr John Wilkin says Seat's action illustrates what the single market means. It is a threat, he says, but it should be part of a two-way process - a point echoed by Mr Derek Raines, personnel manager of one of Tyne-side's long-established heavy engineering companies, NEI Reynolds. "In many respects we

should be doing the same thing," he admits.

In Sunderland town centre, Vaux brewery worker Mr Lawrence Green has espoused the single market message. "We're European, we've got to swap ideas." But even if the pay were superb he would not move. "Money isn't everything." Nor would 45-year-old Mr Sidney Smart, laid off that afternoon after 15 unbroken years' work kerf-laying. "I'm too old", he says.

Jobless former postman Mr Eddie Jackson, walking with his young son and daughter, said he was actively job-hunting, but locally. For a divorcee anxious to see his children, moving to Spain was out of the question. "I'd miss the kids."

Seat's recruitment drive confirms that the north-east is now on the car industry map. But says Mr Ron Douglas, a fitter at NEI Parsons in Newcastle upon Tyne, Nissan's arrival has also taught north-easters just how relentless car production line work can be. That reputation, he suggests, might deter job hunters. Seat employed Mr Ron Curry, whose company, R.S. Conveyors, installs lines at Nissan's Sunderland plant, underlines that point. No way, he says, would he apply for a job with Seat. "We install the production lines - it's more fun than working on them."



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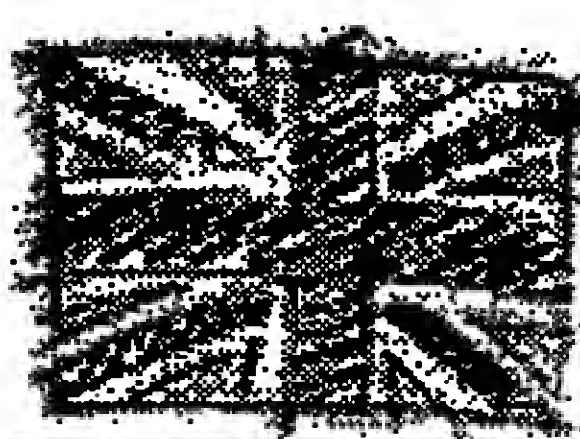
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Destination	Monday		Tuesday		Wednesday		Thursday		Friday		Saturday		Sunday	
	dep.	ret.	dep.	ret.	dep.	ret.	dep.	ret.	dep.	ret.	dep.	ret.	dep.	ret.
London-Barcelona (Gatwick)	10.10	08.10	10.10	08.10	10.10	08.10	10.10	08.10	10.10	08.10	10.10	08.10	19.00	16.00
London-Florence (Gatwick)	10.10	08.05	10.10	08.05	10.10	08.05	10.10	08.05	10.10	08.05	10.10	08.05	10.00	08.05

## BRITAIN IN BRIEF



### UK to accept maternity compromise

The government has signalled its readiness to accept a Dutch compromise over a European Commission Directive on improving maternity benefits due to be discussed by EC employment ministers in Brussels tomorrow.

Full agreement is not expected at that meeting but will probably come at a subsequent meeting early next month after which, as one UK official put it, "the whole British system may have to be reviewed". The Commission's maternity proposals, which would have given women 14 weeks leave on full pay, are one of half a dozen EC initiatives in the social and employment field which the UK government has been strongly resisting, often alone.

### Support for renewables

The Department of Energy is expected to announce today how many renewable energy projects, such as wind and wave power, it will support this year. Offer, the electricity industry watchdog, said 206 renewable projects, ranging from wind farms to rubbish burning schemes, have been selected from 300 applications as eligible for government support.

### Housing starts rise by 11%

Housebuilders started work on 11 per cent more homes during July, August and September than during the previous three months, confirming the government's view that the economy was coming out of recession. Mr Michael Heseltine, environment secretary said. The department's figures showing a recovery in housing starts confused builders which report that the housing market remains deeply depressed despite cuts in mortgage interest rates.

### Ipswich retains trust status

The port of Ipswich, one of Britain's biggest cargo ports, is on a course of confrontation with the government by resolving not to privatise under the Ports Act. Instead it will seek to retain its position as one of Britain's trust ports, owned and administered by the Ipswich Port Authority - a self-governing statutory body with no shareholders.

### Grocery group opens stores

Gateway, the grocery chain owned by the Iscopes investment company, is to open 14 Food discount supermarkets offering a full range of cut-price goods. The stores will trade seven days a week and will create 2,000 jobs.

### Smiths Crisps closes factory

Smiths Crisps, a subsidiary of PepsiCo of the US, plans to close a factory and a depot near Portsmouth next March, with the loss of 350 jobs. The company blamed the closures at the south England facility on the recession and on keen competition in the snacks market.

### Gold reserves rise by \$41m

Britain's gold and foreign currency reserves rose by an underlying \$41m in October, the Treasury said. The overall level of the reserves, which includes receipts in areas such as Treasury bill sales, fell during the month from \$44.6bn to \$44.3bn.

### Manchester tram trials



Britain's first modern tram undergoes trials in Manchester city centre, pictured above. Although increasingly widespread in Continental Europe, modern street-running tram systems have had severe difficulties in attracting government funding in the UK. Only two have so far been approved: Manchester Metrolink, due to open in February next year, and the Sheffield Supertram, due to open in 1993.

### Channel pooling delay

SEALINK Stena Line, which operates short sea routes between Britain and France, said it still wants to pool resources with its rival, P&O European Ferries - but not until next year.

It said its overriding priority was to secure its own future by completing a restructuring and rationalisation plan due to come into effect on January 1.

### Teachers are on the move

Teacher turnover has increased markedly in the past three years, especially in London, according to a survey of 800 schools in England and Wales. The survey, carried jointly by the six teaching unions, finds that only 46 per cent of primary and 56 per cent of secondary teachers have been at their school for five years or more. Comparative education department figures for 1987/8 were: primary 56 per cent and secondary 62 per cent.





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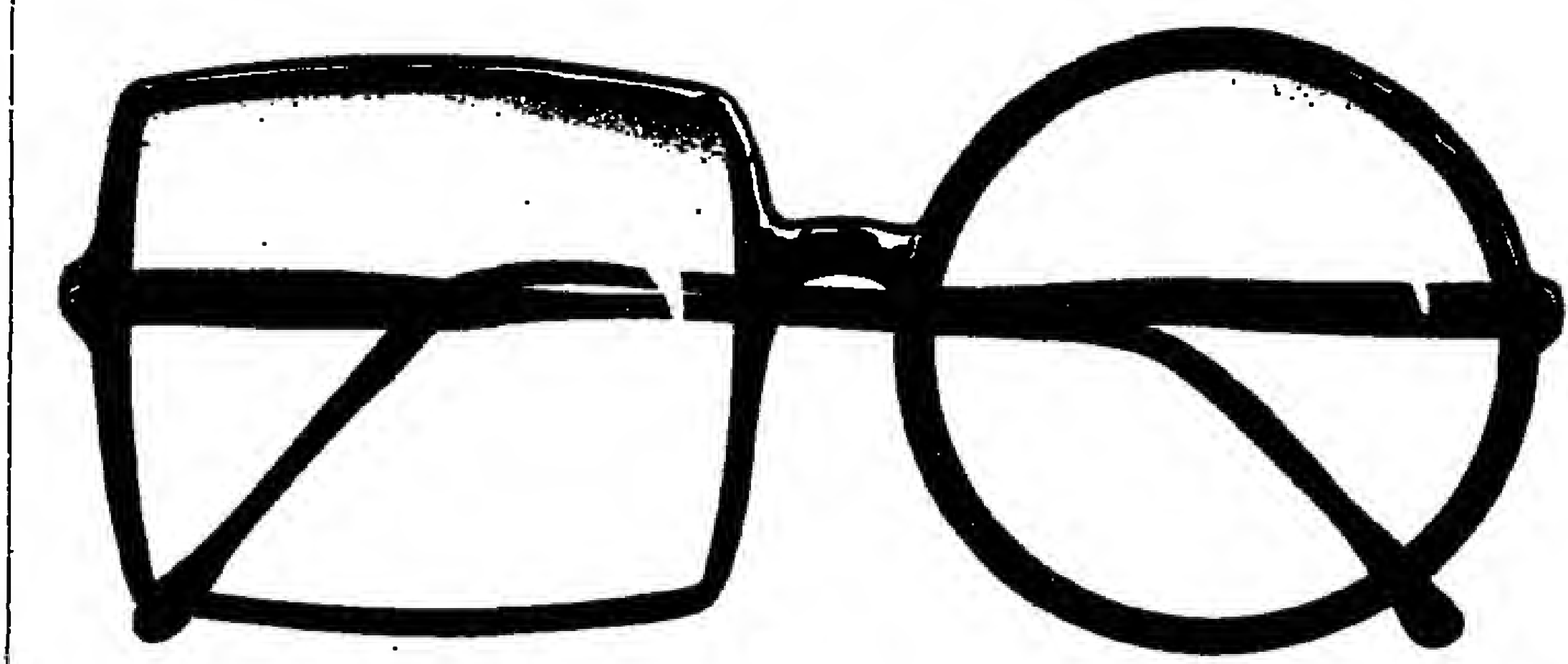
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Fri. Nov 15. Episode 6. Watchdogs who failed to bark.  
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## FT LAW REPORTS

# Dubai wreck removal is uninsured

**THE MARE**  
Court of Appeal (Lord Justice Mustill, Lord Justice Mann and Lord Justice Farquharson):  
October 18 1991

**INSTRUCTIONS** from a foreign port authority to lift a wreck outside its territorial waters do not give rise to a legal "liability" for insurance purposes in that, although they are lawfully enforceable by commercial sanctions, they cannot be enforced by process of law in the courts of the foreign country.

The Court of Appeal so held when dismissing an appeal by the plaintiff, Smit Tak Offshore Services (STOS), from Mr Justice Sheen's decision that the defendant insurers, Mr J R Youell and others, were not liable to indemnify it for the cost of removing a wreck abandoned under a salvage operation to which it was not a party.

LORD JUSTICE MUSTILL said that STOS was a joint venture based in Sharjah in which Smit Tak owned a 49 per cent interest.

Smit Tak was a subsidiary of Smit Internationale, known world-wide for the provision of assistance at sea.

Another subsidiary, Smit International Curacao, had a 49 per cent interest in Smit Matsas (Hellas) Salvage & Towage, owners of the tug, Smit Matsas 2.

During the hostilities in the Arabian Gulf, Hellas maintained a salvage station in the area. Its operational centre was at STOS's offices at Sharjah.

On January 30 1988 the Panamanian vessel, Mare, was attacked by an Iranian gunboat, set on fire and abandoned by her crew.

STOS requested Smit Matsas 2 to proceed to the casualty.

On January 31 the tug was alongside and in a position to report the situation to STOS in Sharjah.

Smit Tak did not wish to engage in the salvage. Hellas decided to take it on. Smit Matsas 2 put a firefighting and pumping crew on board Mare, and started to tow her towards Dubai under a Lloyds Open Form salvage agreement between Hellas and the owners of Mare.

On February 3 Mare was listing dangerously. She was towed 12 miles offshore, away from shipping lanes and sub-

marine pipelines. She was anchored just outside Dubai territorial waters.

Salvage operations were continued, but without avail and on February 4 the vessel sank.

Although the wreck was outside territorial waters the fact that it created an escape of oil and was a navigational hazard became a source of concern to the Dubai authorities. They began to press for its complete removal. Since neither Hellas nor the shipowners were disposed to do anything, that pressure was applied to STOS, which was the only party within the jurisdiction of the port authorities.

STOS argued it was not party to the salvage operation. The Department of Ports and Customs took the view that that contention was "unacceptable in practice".

Eventually, since time had passed without any of the concerns or insurers involved expressing willingness to lift the wreck, the Department used its commercial leverage by writing to STOS on September 27 1988 formally instructing it to remove or demolish the wreck before October 15.

In the letter it said: "If you fail to comply with this instruction, this Department will not agree to any renewal of your right to operate in Dubai waters."

The strategy was successful. The letter placed STOS in a most unenviable position. The lifting of the wreck would be very expensive indeed, but the withdrawal of its trading licence in Dubai, which would lead to similar action in other Emirates, would be little short of a disaster. STOS had no choice but to give in. It lifted the wreck.

During October 1988 a 12-month insurance policy from October 1 had been entered into by Smit Internationale in the name of Smit Internationale NV and/or its subsidiary, affiliated, associated, interrelated companies, and/or the divisions of those companies. Claims were payable exclusively to Smit Internationale.

The risks covered by the policy, which was called an "Umbrella First Loss" policy, were "any liability, contractual or otherwise, including liability for loss of or damage to any property in connection with all the assured's activities anywhere in the world".

Having failed to obtain indemnification from any other

source, STOS now looked to the underwriters of the umbrella policy.

The central question was whether the cost of wreck removal was a "liability" within the meaning of the policy.

STOS contended that removal of the wreck took place pursuant to an order of the Dubai government, which created a liability on STOS and/or Smit Tak, within the meaning of the umbrella policy, entitling them to recover the expense of the removal from the insurers under that policy.

Mr Justice Sheen held that STOS was not at any time under a legal liability to remove the wreck. He said the Department's letter did not create such a liability; the Department's director-general had no statutory power to make such an order, and it was not authorised by the Ruler; and that the instructions contained in the letter could not have been enforced by action in Dubai courts because they had no foundation in law.

On the present appeal Mr Brice QC for STOS did not dispute that the lifting of the wreck could not, after the letter, have been enforced by process of law, any more than it would have been beforehand; that if STOS had been unable or unwilling to lift the wreck and the Department had carried out its threat to withdraw its licence, no part of the resulting loss would have been recoverable under the policy; that if the threat had been made, by (say) a large oil company with power to penalise STOS commercially, neither the cost of lifting the wreck nor the alternative commercial loss would have been recoverable; that the ordinary meaning of "liability" in a policy of insurance was "legally liable".

Mr Brice submitted that a person was under a liability to another if that other had power to compel him to perform an act by lawful use of machinery of state, and that the same applied here, where the Department lawfully used its power to withdraw the trading licence to compel STOS to raise the wreck.

The contention was fatally flawed, because it employed "lawfully" in two different senses. First it meant "in conformity with powers enforceable in law", then "not prohibited by law". That discontinuity made

the argument unsound.

The letter did no more than present STOS with an unwelcome choice - it was an invitation to remove the wreck, coupled with a statement of what the Department would do if the invitation were declined.

Both the invitation and the threatened exercise of the discretion were lawful, in the sense that the Department could issue both without overstepping the bounds of law. But they were not lawful in the sense that the law would lend its assistance to make either of them effective.

STOS was not in any ordinary sense of the word liable for the cost of removing the wreck.

Since the Ruler was the fount of laws in Dubai, if the letter had begun with: "I am directed by the Ruler to order..." or something on the same lines, the result would have been a legal obligation to raise the wreck, and the claim under the umbrella policy would have been hard to resist.

That might be so, but the fact was that the expert evidence established that the Ruler would never have made such a decree, creating retrospective liability in an individual case; and he did not do so.

STOS argued that "liable" had a special meaning in the context of this particular policy.

The policy should be read in context and construed without pedantry. But the fact that it was called an umbrella policy and was plainly designed to scoop up liabilities not covered by the underlying hull, war risks and P & I policies, did not mean it should be understood as giving STOS protection against all misfortunes not insured elsewhere. The policy must be understood as meaning what it said.

There was nothing in the policy to support an unusually wide reading of the cover.

The judge was right to hold that the loss did not fall within the cover.

For STOS: Geoffrey Brice QC and Vasanti Selvaratnam (Shaw & Cray).

For the underwriters: David Goldstone (Ince & Co.)

Rachel Davies

Barrister

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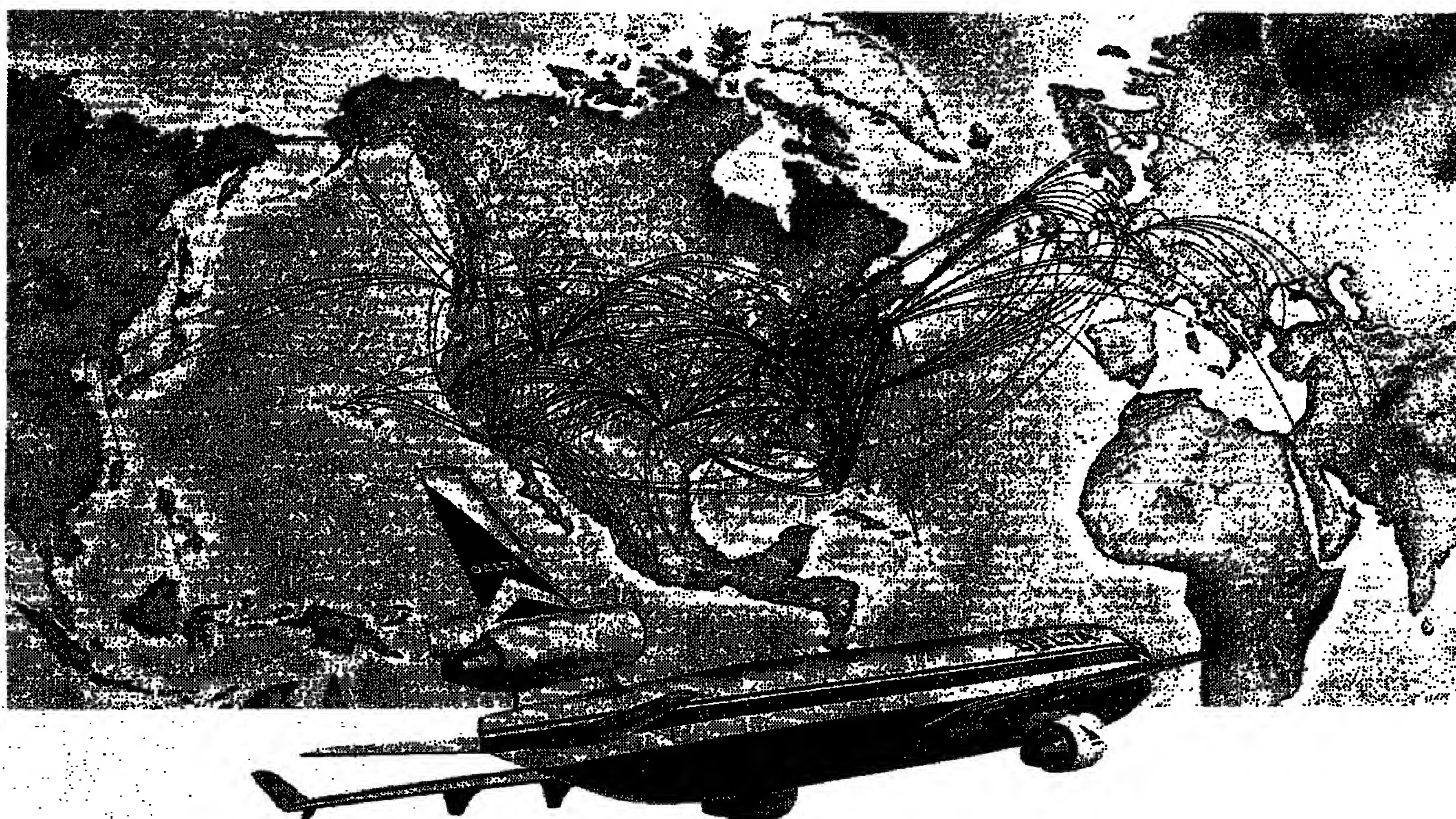
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## MANAGEMENT: The Growing Business

Small companies have suffered from dodgy leasing practices for too long. There will be pressure for change next year when the Office of Fair Trading publishes a new set of guidelines for leasing goods like photocopyers and facsimile machines.

The guidelines were compiled by the Equipment Leasing Association, the industry body following a sharp rise in complaints over misleading contracts. The ELA plans to make the standards for contracts binding on its members by the end of this year. The proposals include setting out financial details and length of lease in large, clear lettering on the page signed by the lessee, "fair and reasonable" increases in charges, and ensuring that the person who signs the contract has the authority to do so.

However, efforts to impose tighter controls on the industry have come too late for many small businesses, and horror stories abound. One example concerns John Smith\* whose three-year lease on a fax became a nightmare of companies going bust, threats of court action and mysterious duplicate contracts. Today, Smith faces bills of £11,550 over nine years for a fax machine which cost £2,500 four years ago and is now outdated. What should have been a straightforward transaction involved Smith in dealings with no fewer than four companies.

## Leasing

## Bills flood in on fax

Peggy Hollinger narrates one man's horror story

The story began in October 1987 when Smith signed a three-year service and leasing agreement with Company One, a supplier of office machinery. Just over a year later, when the contract had 21 months left to run, the supplier went into liquidation. The first Smith knew about it was when he was approached by Company Two, another office equipment supplier, which had taken on the customer base of the defunct supplier - to sign a new service agreement.

Two months later, Smith received a letter asking him to sign a personal indemnity, guaranteeing payments in case his company should default. He refused, concerned that there was neither an agreement number to identify the document to his fax machine, nor any conditions attaching to the agreement. Instead, he reassured the supplier that he would meet the remaining payments on the original three-year lease. After months of telephone conversations and correspondence, he was finally persuaded to sign a new service agreement. The contract was faxed to Smith, who

signed it even though the terms and conditions were illegible. What Smith did not realise, however, was that he had signed a lease, not just a service agreement, which would tie him into making payments for a further eight years at a cost of £10,367, including VAT. Leases are usually financed by third parties, which buy the machine and the contract agreed on from suppliers at a discount. Often, however, the supplier retains responsibility for servicing the machine.

The lease was presented by the supplier to be financed by Company Three, a leasing house, which presumed that through Smith's agreement it had secured a new fax machine and an undisputed rental stream for eight years. Neither party discovered the truth until the following year when Smith assumed he had finished paying.

Although the leasing house claims that the agreement was a standard document, leading companies in the industry are horrified. "We would never accept a lease for more than 36

months on such equipment," one company spokesman said. This is another area where the Equipment Leasing Association is trying to set standards of practice. Its guidelines propose that the period of hire must not be longer than the working life of the equipment. However, another leading leasing house said that type of contract was renewed for having been misused. "Salesmen would take advantage of people's good nature. They would run in and say 'Could you just sign the service agreement, I'm double parked'."

But where did that leave Smith? In May 1991, he stopped payments on the lease when he received a letter requesting him to pay yet another company, Company Four, as a result of the supplier selling its client list. Meanwhile, the leasing company insists it owns the right to the payments and the machine.

After viewing the document on file with the leasing company, Smith is more confused than ever. For the contract is set out on heavy blue paper, not the fax he signed. The company insists this is a valid doc-

## TIPS FOR LESSEES

- Check the period of hire. As a rule, leases should not be longer than the working life of equipment - for example, about three years on a fax.
- Make sure the period of hire agreed verbally is the same in the contract.
- Check the financial details. Are there any hidden costs resulting from a clause tying the lessee into buying supplies or services from a particular source?
- Check the period of notice to terminate. Does the contract end at a certain time or do you have to give notice?
- Check clauses allowing price increases and make sure you agree.
- Find out who you are paying and how many companies your contract is going through. The more participants, the more expensive the lease.
- Do not sign anything that does not spell out the terms and conditions; make sure you read them.
- If there is any change to your contract, resulting, for example, from a company going bust, do not sign a new agreement until you understand every word of it.
- Check your dealer is reputable, for example by referring to the Equipment Leasing Association which accounts for 80 per cent of the industry.

ument - the signature is identical to the copy Smith holds. The company is about to take Smith to court for defaulting on payments. "I would welcome it," he says. "I just want

to get to the bottom of this so that it doesn't happen to others in the future."

\* The name of the business-man has been changed.

## In brief...

A further 500,000 small businesses will be eligible to submit simplified accounts to the Inland Revenue from next April. The level of business turnover or gross rental income below which taxpayers may submit three-line statements, instead of full accounts, is to be increased from £10,000 to £15,000, the Treasury announced. The increase applies to accounts received by the Revenue on or after April 6, 1992.

This year about 250,000 people are expected to send in three-line statements, twice as many as in the scheme's first year. The three-line statements need show only total turnover or rental income, total purchases and expenses and the resulting net profit. The simplified accounts scheme allows small businesses to save the time and expense of preparing detailed submissions to the Revenue but they must still keep accurate records of their business affairs.

A range of leaflets is available from tax offices on Simple Tax Accounts (TR104), How your profits are taxed (TR105) and Capital Allowances for Vehicles and Machinery (TR106).

Small and medium-sized companies have been enthusiastic participants in

a government programme to support research into analytical and physical measurement. This forms part of a government initiative known as LINK to bring industry and the scientific community together in innovative research.

Of the 24 projects already under way as part of the Technology for Analytical and Physical Measurement Programme, 14 involve small and medium-sized companies. The next closing date for bids for support is January 24 1992 but bids should be submitted as soon as possible. Contact Lyndon Davies, programme co-ordinator, on 0233 262 686.

Struggling companies can boost their cashflow by regaining the tax they paid in more profitable years, according to accountants BDO Binder Hamlyn.

It suggests that businesses set losses against the previous year where possible. Where accounts are drawn up to a date after March 31 1991 losses can be set against profits of the previous three years giving even greater scope to recover tax paid in better times. When payment of advance corporation tax has been made on the payment of dividends but, because of losses, there is no tax due to set it against, all is not lost, Binder Hamlyn says. A claim can be made to set the surplus ACT of the current year against tax in the previous six years.



Michael Howard: problems

## UK takes EC to task on employment charter

Charles Batchelor reports on opposition to plans for harmonised social security regulations

Attempts by the UK's small business community and the British government to water down the European Community's plans to harmonise social security regulations appear to be making little headway.

The commission remains determined to introduce the Social Charter by the end of 1992 while hopes that the EC's system of economic impact audits would block or dilute the proposals seem misplaced. This emerged last week at a conference entitled The European Social Charter: The Impact on Small Firms, held in London. The conference was backed by a wide range of UK business organisations including the Union of Independent Companies, the Confederation

of British Industry, the Forum of Private Business and the Institute of Directors.

They are united in their opposition to the charter, in particular to proposals to regulate working hours, the conditions of part-time and temporary workers, night working and benefits for pregnant women. These would add to costs and create unemployment, they say.

Heinrich von Moltke, head of the European Commission's directorate for enterprise, expressed surprise at the strength of opposition to the charter in the UK. However, small firms in Britain and the government believe other countries and business organisations in Europe are not worried about the charter because:

• Industry in countries such as Germany is already highly regulated so that extending the rules to countries with less regulation would reduce their competitive advantage.

• Some governments, notably Italy, have a poor record of implementing and enforcing EC directives so their local industry would not be affected anyway.

• They conduct less trade with non-EC countries than does Britain so would be less affected by any loss of competitiveness against companies in these other countries.

In December, this would mean no one country could block proposals agreed by other countries. The government could seek exemption for UK small businesses from the "second best" and would pose problems of where to draw the line, Michael Howard, UK employment secretary, said.

There appears a diminishing prospect of the charter measures or any future legislation in the social area being blocked or diluted by the EC's system of economic impact audits, or *fiches d'impact*. At present the economic assessments carried out by the Commission are simply not adequate, Eric Forth, UK

small firms minister said.

Von Moltke said the system of economic impact audits had been modified to concentrate only on those legislative proposals which would have a significant impact on business. This was intended to allow discussion of legislation at an earlier stage. Nor does the enterprise directorate share the fundamental objections expressed by small firms in the UK. The directorate supported the broad objectives of the social charter, von Moltke told the conference.

At last week's conference, trade associations representing the road haulage industry, construction, retailing and the catering sector condemned the charter. Haulage companies would have to take on addi-

tional drivers if they wanted to maintain services under the proposed EC regime, David Somers, a director of David Somers (Transport), a Leeds-based company, said. All of the 11 services which Somers runs to Germany, Belgium and the Netherlands require drivers to work a six-day week while five involve a Sunday start.

Meanwhile the UK construction industry, comprising 170,000 firms, most of them small, is still adapting to health and safety regulations introduced in the 1960s, according to Paul Reading, health and safety director of the Building Employers Confederation. Action should concentrate on enforcing existing legislation rather than adding new EC directives, he said.



Heinrich von Moltke: surprise

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## TECHNOLOGY

## Unveiling of sugar institute

A new research institute opens at Oxford University tomorrow to study the biochemical role of sugars in the body. New treatments for asthma, arthritis and AIDS are expected to emerge from its work.

The Glycobiology Institute is funded jointly by the university and Searle, a US pharmaceutical company which is part of the Monsanto group. Searle contributes £1.5m a year to the institute, on top of a £2.5m capital grant for the institute's new building.

Glycobiology is a fast-growing field of science, pioneered during the 1980s by Raymond Dwek of Oxford's biochemistry department. It looks at sugars not as a bulk constituent of diet but at the molecular level in living cells.

Scientists are just beginning to understand the important role played by the short chains of sugar molecules which branch out from the surface of most proteins in the body. Two years ago the biotechnology industry focused on the protein molecules and dismissed the sugars as sweet nothings; now it recognises that their structure determines the way the proteins work.

The first potential drug to arise from Oxford glycobiology research is Butyl-DNA, an AIDS treatment now undergoing clinical trials. It works by altering the sugars on the surface of HIV, the AIDS virus; this prevents it attaching to healthy cells.

The laboratory has also identified a missing sugar molecule in the antibodies of arthritis patients - a discovery which is being developed into a diagnostic kit for rheumatoid arthritis and may eventually be turned into a drug to treat this painful and crippling disease. The institute will house 60 researchers, including 10 scientists employed by Searle.

Searle has the first right to commercialise any drugs resulting from the institute's work. Technology to analyse and prepare glyco-chemicals is being exploited by Oxford GlycoSystems, the first start-up company in which Oxford University has taken a stake.

Clive Cookson

Computers brought order to the courts of Dundee last week. Sleek white terminals flicked into life at the public fines counter, in the back offices and in the courts themselves. From now on, judges (or "sheriffs" to use the Scottish term) will be able to see details of each case on a screen. And defendants leaving court on bail will wave computer-generated bail orders.

Dundee is the tenth of Scotland's 49 sheriff courts to be computerised since September 1990. The installation, known as Criminal Operations Project (Cop), is part of a Scottish Courts Administration (SCA) scheme to automate the processing of the 100,000 criminal cases that pass through the courts each year. All sheriff courts will be running Cop by the end of 1992.

The old system for processing crimes started when a criminal complaint was presented to a clerk of court who would register it in a book. A date would then be fixed for a hearing. Before, during and after the court appearance information would be written, often several times, into a variety of documents including formal minutes, court orders and an accounting system for handling fines.

Now, using Cop, the complaint's registration number is entered into a computer. This feeds through automatically into further electronic documents so nothing has to be retyped. New information, ultimately including the court's disposal, is tapped in as the case moves from stage to stage. At each step the appropriate paperwork is generated to guide the defendant on his way to prison, probation, fine or freedom.

Planning Cop required careful definition and analysis of the task to be computerised. Two considerations emerged as fundamental and shaped the development.

First, the complexity of the court process deterred the SCA from handing the project to an external contractor. It felt the only people capable of shifting the legal routines on to computers already worked for the courts. In 1986, sheriff clerks were therefore offered the chance to train as computer programmers and then to create the system using an easy-to-use software language or "application generator" called Oracle. By mid-1988 the bulk of the system was finished and a pilot trial was in Dunfermline, Fife.

Ian Scott, head of the SCA's

Ian Holdsworth describes how computers have brought order to the Scottish courts

## Sheriff's verdict goes to Cop

operational review team, says the decision to go in-house was a form of quality assurance. "We thought about taking skilled programmers and explaining to them how the courts operated but the advantage lay in taking people who knew the court system and training them in programming - there are so many things about the way in which courts operate - so many different possibilities that exist."

"Oracle allowed us to train the programmers and compress the time this took into a few months rather than years. We were very pleasantly surprised at how quickly they picked it up. They weren't programming to some written specification which might have had something missing - they were programming with feeling."

The second consideration was the need for all the sheriff courts to have the same system. This was not immediately self-evident as Scottish courts are different in size and character, and each court's system would work largely on its own. However, a common approach in hardware and software would simplify training and system support and, in time, enable the courts to be linked up. Within a few years, the SCA would like to be collating data every night from all over Scotland. This could be analysed for management information and criminal statistics.

Because of the varied sizes of the courts, the SCA had to come up with a flexible system that could be scaled up or down. A court in the outer Hebrides would probably only need a single-terminal workstation, whereas Glasgow's 21-court complex would need a solid backbone of computer power to support some 40 terminals and 55 printers.

Some of the older court buildings also imposed constraints. Large computers requiring air conditioning or staggered floors can easily be installed in a modern custom-built court such as the one



due to open in Edinburgh in 1994. However, many of the older courts are elegant old buildings. The classical-style sheriff court in Perth, for example, dates from 1819 and is category-A listed. It could only house a light computer with few cables or special requirements.

Having written its own software, the SCA put a contract out to tender for hardware to run it on. Oracle as a software tool is hungry for computer power so the SCA had to choose a system with some bite. A traditional minicomputer might have fitted the bill for a court such as Edinburgh or Glasgow, but was far too big for a smaller court.

The SCA considered several tenders and was drawn towards a "client-server" approach. This is something of a bandwagon for computer suppliers at the moment. Client-server describes an open system where the various elements - servers, printers, etc. - are distributed in a network so that users sit at "cli-

ent" terminals, which are "served" by larger computers that store, process and route the data. Complete systems can be built up in several different ways, which facilitate growth and make the system adaptable for different environments.

The SCA also became interested in what was then a new type of microprocessor called Risc (reduced instruction set computing). Risc chips have been the workhorses for some years now in powerful computer workstations, and are normally associated with scientific "number crunching" in university laboratories or with other desktop applications where power is at a premium, handling fast-moving animation for example.

Recently, Risc microprocessors, armed with the Unix operating system and the "client-server" philosophy, have been moving out of laboratories and into business-type markets. The SCA's project is an excellent example of this trend.

After following the very strict procurement standards demanded of a government department, the SCA awarded a £2.5m contract to Sun Microsystems of the US, a leading supplier of Risc-based systems.

Sun was commissioned to implement Cop on its range of Sparcserver and Sparcstation computers which are built around its own version of Risc called Sparc. "We'd been targeting corporate accounts with business-type applications," says Ken Mitchell, Sun's project manager for the SCA contract. The law courts are "a classic environment where they're using none of the traditional features of a Sun workstation," he says.

The task was to produce a system that could handle many users simultaneously and still be fast. "In a court environment you can't sit there tapping your fingers," says Mitchell. "When you're collecting fines, for example, you need to print a receipt within five or six seconds."

By opting for a "client-server" design, the SCA believes it has covered itself for future growth. Indeed the specification has already been upgraded since the initial deal - Sun has substituted a new version of its workstation in the most recent court conversions.

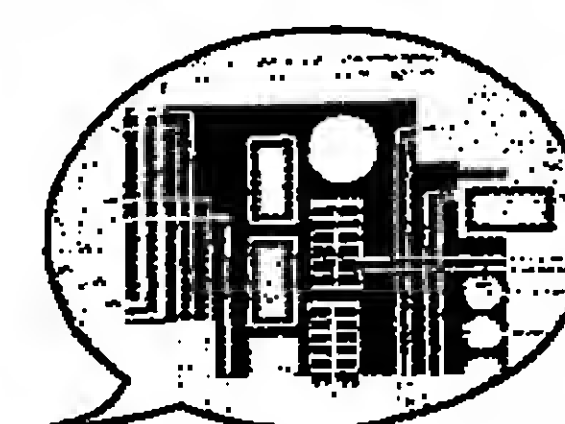
So far, computers have only been applied to criminal cases, which account for 70 per cent of sheriff court hearings. Improved efficiency has been particularly noticeable in the summary criminal side (where the sheriff sits on his own, rather than with a jury), says Scott. Such cases make up the bulk of a sheriff court's business.

However, the courts also deal with most of Scotland's civil litigation and at some stage this too may be shifted on to computers. It will not be easy. Criminal cases, especially summary ones, lend themselves to computing because they progress in definite stages and the documentation is, to some extent, standardised. The civil side is more unpredictable. "It may not be possible to have such a comprehensive system," says Scott.

In the meantime, Cop may be hooked up to external organisations with which the SCA already trades information. A Cop connection to the police is inevitable, not least because of the acronym. Direct computer links are also likely with the Home Office, vehicle licensing department, prisons and the Scottish criminal record office.

## Don't shoot the imitator

By Alan Cane



### TECHNICALLY SPEAKING

Imitation may be sincere but it is not necessarily a cheap way to success in world markets. Companies have to invest as much time, money and effort to copy a competitor's product or innovation successfully as if they had started from scratch, according to new research from the Science Policy Research Unit (Spru) at Sussex University.

This finding shows in a new light those Japanese firms which are labelled copyists by the west - especially in terms of their determination and commitment - and suggests that western companies may have to adopt similar attitudes if they are to copy successfully the best of Japanese technological methods.

This is important in manufacturing where the Japanese have led the way for some years now in new "lean" manufacturing methods including just-in-time, total quality and appropriate automation.

The new findings were discussed last week by Keith Pavitt, deputy director of Spru at a London conference sponsored by the Toshiba Foundation.

He used the occasion to raise some questions of universal applicability. Do innovative countries like the US and UK capture enough of the economic benefits of their efforts to justify the investments? Or do the economic benefits leak quickly and cheaply away to their competitors?

Second, to what extent does the internationalisation of company activities assist the diffusion of new technology to a wider group of countries?

The burden of his argument is that copying is always a complex business. "As with riding a bicycle or putting together a good soccer team, an extensive period of trial, error and learning is a necessary part of imitation and improvement."

And he warns that countries which fail to maintain public spending on university research or firms which cut back on research and development damage their capability either to innovate themselves or capitalise on discoveries made by others. R&D, in other words, is not just about getting ahead of your competitors; it is

also about catching up with, and keeping up with, the competition.

Pavitt's research shows that the conditions for successful innovation and successful imitation are the same: high levels of technological activity in industrial companies and substantial public investment in basic research and higher education.

Companies in Germany and Japan are widely suspected of copying others' innovations, but these countries have invested a higher percentage of their gross national product on R&D over many years than "innovative" countries such as the UK and US.

Pavitt showed that most of the economic benefits of government-funded basic research and training are captured by local firms. "This will come as a surprise to those believing the main economic benefit of basic research comes in the form of published papers to which the whole world has equal access," he said.

"Research directors value basic research in universities less for its published results and more for the capacity to solve problems that it provides in the form of trained researchers, their know-how and instruments."

The overriding conclusion is that it is neither cheap nor easy to exploit the innovations of others. Indeed, having the original bright idea is the cheapest part of the process.

In the west, however, there is a tendency to look disparagingly on imitators. Now it seems that successful firms will have to maintain a balance of innovation and imitation - and will have to put similar resources into each activity.

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- patented designs

**A J G Waters Limited**

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For further details interested parties should contact the Joint Administrative Receivers N J Voight and J M Ingle at Cork Gully, Melrose House, 42 Dingwall Road, Croydon, Surrey, CR9 2NE. Tel: 081 681 5252 Fax: 081 760 0897

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In accordance with Rule 4.108 of The Insolvency Rules 1986 notice is hereby given that I, Peter B. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 31st October 1991.

Dated this 31st October 1991.  
Peter B. Dunn FCA, Liquidator  
Latham Crossley & Davis  
45 Conduit Street, London W1R 9FB

**IN THE MATTER OF**  
**THE INSOLVENCY ACT 1986**  
**AND IN THE MATTER OF**  
**THE INSOLVENCY ACT 1986**

In accordance with Rule 4.108 of The Insolvency Rules 1986 notice is hereby given that I, Peter B. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 28th October 1991.

Dated this 28th October 1991.  
Peter B. Dunn FCA, Liquidator  
Latham Crossley & Davis  
45 Conduit Street, London W1R 9FB  
Office Holder Number: 025285

**NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER**  
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**Trade Classification:** 28  
**Date of Appointment of administrative receiver:** 29th November 1990  
**Name of person appointing the administrative receiver:** Grant Thornton FRC Limited  
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For further details please contact the Joint Administrative Receiver: Ian Turner, Grant Thornton, 4th Floor, Highgate House, Highgate Place, Newcastle-upon-Tyne NE1 6EE. Tel: 091-261 2631. Fax: 091-232 6903.

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For further details please contact Peter Whalley, Joint Administrative Receiver, of Cork Gully, 1 Port Way, Port Solent, Portsmouth, PO6 4TY. Tel: 0705 208881 Fax: 0705 201784

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Completed applications should be sent, in strict confidence, to:

The Director of Finance  
Westminster City Council  
PO Box 240  
Westminster City Hall  
Victoria Street  
LONDON SW1E 6GP  
FAO Mr A. Dimmock

To be received not later than 15 November 1991.

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The Joint Administrative Receivers offer for sale the business and assets of American Monitor (UK) Limited.

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ARTS GUIDE



## ARTS

## Munch et la France

There was a time, and not so long ago, when to be an artist was to feel the pressing need to be in Paris. Some stayed on for ever, some only for a few weeks and some came, went, and came again. Between the mid 19th century until the outbreak of the Second World War they were drawn there to satisfy a curiosity, and to further their education with direct exposure to contemporary art.

In 1988 the Musée d'Orsay mounted a remarkable exhibition, putting the work of Vincent van Gogh during the period of his first visit to Paris in the mid-1880s into the context of what his peers were doing at the time. Now, with *Munch et la France* (until January 5, then on to Oslo and Frankfurt) sponsored by the Fondation ELO, the museum does the same for the Norwegian painter, Edvard Munch — who, by coincidence, paid his own first brief visit to Paris in the spring of 1885. Here, too, was a painter at the outset of his career, another expressionist and symbolist from a northern country, with a darker palette and a sensibility to match, to be challenged and transformed.

But Munch was never to commit himself to France entirely. He responded thoughtfully to what he had seen, and his interest was reinforced by the exhibition of French art at Copenhagen in 1888. But it was not until the autumn of 1889 that he returned for a longer visit, and it was only then that his affair with France, such as it was, truly began.

For the next three years, on a renewable basis, he spent his winters in France, at first in Paris and then, over 1891-92, at Nice, returning to Norway each summer. It is clear from the work of this period that he was looking closely at a wide range of contemporary French painting, from Monet, Sisley and Caillebotte, to Degas, Lautrec, van Gogh, Redon, Gauguin and Bernard — and to Gauguin, perhaps, most of all.

There are moments when his own work clearly comes as a conscious variation, comes



'A la Taverne', 1890 by Edvard Munch currently exhibited at the Musée d'Orsay

close to direct transcription: but never quite. Always there is a quality of mood, an intensity of feeling, that makes it his own. He was symbolist by instinct, and if his palette was lightened and his handling loosened by the example of the impressionists, it was the narrative and psychological possibilities of symbolism that ultimately intrigued him, morbid, melancholic or disturbing as they may be.

But where Gauguin achieves an elegant resignation and monumental calm, with Munch all is movement, frenetic and unstable, the very ground shifting and writhing beneath the dancers' feet, the fire on the beach translated into a setting sun's fractured reflection in the water. Thus Munch keeps his distance and, in the end, rejects the advances of *la France*. Though he would return to her at intervals throughout his life, there were to be only two more extended visits, from 1896 to 1898, when print-making and the wood-

cuts especially preoccupied him, and in 1903.

The reality which Munch chose to confront was that of the emotional life, never the observed reality of the visible world. Even in that early, impressionist view across the roofs of Nice at night, the image begins gently to rock and sway before our eyes. And so too, in 1896, as he looks down the dizzying fauve-like avenue in the snow. "Nothing is certain, nothing secure," he seems to say, unfaithful-like, "and we are not put into this world for pleasure alone."

By the time of Munch's visit of 1903, Picasso at 22 was already a fixture in Paris which he, though come from the warm south, would leave only in old age. Here, of course, we have the great symbolist of the next heroic generation and symbolist he would remain. Picasso: youth and beginnings, at the Musée Picasso (until November 25, and then to Nantes) is a study of the

earliest period of Picasso, from 1883 to 1905, seen through the intimate prism of his drawings. It is a most useful study to attempt, Picasso of the Blue and Rose periods is well enough known, Picasso the Prodigy still somewhat a creature of myth. We might now begin to see how the one became the other.

It would be unfair to criticise this small but fascinating show for not being something it never set out to be. But it was perhaps a mistake to set its terms at the end of the Rose period, just as the work was turning towards *Les Femmes d'Alger*, for that transition has already been well explored. But then the earlier periods may be less substantial in the material to hand. So the real frustration is that it clearly demonstrates the need for as full a study as possible of Picasso in the years between 1889 and 1903, as he moved back and forth between Paris and Barcelona.

Picasso the child and student are less important. Studies are studies and time spent before the life-model or the antique are much of a muchness, as we see both here and in the Munch exhibition across the river. Picasso the student was clearly more than competent, as the drawings of his family demonstrate, but it is only with the break with his father and the academy, and the assertion of his independence, that the excitement starts.

This is not to deny the academic virtues, but it is both the freedom from them and the freedom they allow that, at this time, make Picasso so remarkable. There was nothing he would not try; nothing was sacred and no convention of finish, formality or resolution held him back. In fact the friends in Barcelona at *El Quatre Gats*, that his career begins — and so to Paris with his friend Casagueras in the autumn of 1900 and the true beginning.

William Packer

## Opera on the road

Unlike its Welsh and Scottish counterparts, Opera North strays only rarely outside its designated territory. But the company spent last week in the deep south, taking over Glisborne for a short season. The repertoire was a brace of its most enterprising Mozart productions: Paul Griffith's ingenious bicentenary pastiche *The Jew of Seville*, first performed in February and now by all accounts a little shorter and tighter than before, and Tim Albery's 1989 production of *La Finta Giardiniera*.

The *Finta* was salutary after Albery's grim, heavy-handed *Don Giovanni* for Opera North three months ago. The lightness of touch, inexhaustible humour and unfailing visual elegance (with designs by Tom Cairns at his most exuberant) conjure an absurd world that seems precisely matched to the spirit and content of this early *dramma giocoso*. Any suspicions that Albery could not deal convincingly with broad comedy are dispelled by this staging, which is not afraid to recognise that this is a pretty silly story, full of inconsistencies and gaps in the dramatic credibility, which nevertheless touches upon the human and psychological insights that the mature Mozart would go on to explore with matchless profundity.

In Amanda Holden's sprightly English translation, equally unfazed by the nonsense and assisted by the judicious pruning of half a dozen arias, the opera moves along at a lively, always diverting pace. It was again conducted by Alan Hacker, whose rhythmic directness and clarity of texture sounded just a little brusque in Glyndebourne's dry theatre. Juliet Booth as the impossibly arrogant Arminda and Paul Nilon as her unfortunate fiancé Belcore repeated their roles, the remainder of the first-rate cast were new to the production — Lynne Dawson's Sandrina, the disguised gardener of the title, moving beautifully and singing with wonderful ease and delicacy. Kelly's deliciously spiteful maid Serpentina, Loretta Bybee's *travesti* Ramiro, Neil Jenkin's bluff, pompous Podesta, Richard Jackson's convincing but vocally uneven Nardo.

Meanwhile Glyndebourne's own autumn tour is out on the road. Alongside the *Jenfa* and new *La Bohème* already reviewed here, the programme includes *Les Femmes d'Alger*, a scaled-down version (directed by Michael McCarthy) of Trevor Nunn's production first

seen during this summer's festival. Visually it is certainly a tourist-class package, with Maria Bjornson's sets pared to a single static design that just retains the original 1920s cruise-liner flavour.

Some of the unnecessary distractions remain, especially the elaborate pantomime during the overture as the passengers come aboard, though some of the more questionable sociological glosses of the original have gone. Fiordiligi and Dorabella are now placed very much among the same moneyed class as their fellow passengers and the Oxbridge hearties with whom they are unaccountably in love. But it remains a totally cosmetic translation, which reveals no more about the truths of the opera than, say, a *Figaro* set on Fifth Avenue or a *Magic Flute* on the Los Angeles freeway.

Musically everything is first rate. Claudio Desderi, himself an illustrious Glyndebourne Don Alfonso, conducts the first half of the tour and does it wonderfully, bringing life and purpose to every phrase, teasing out the inner voices in each accompaniment, never allow the music to dwell or linger. The onstage Alfonso is Andrew Shore, a shyly mawkish, guarded cynicism, his helpless laboratory specimens Ned Archer, a forthright Fernando, and Roberto Scaltritti, a slightly less imposing Guglielmo.

In a production that prides itself on such visual veracity the sisters surely look a little, ahem, mature to have such stupidly feckless suitors, but both Edith Pritchard (Fiordiligi) and Maria-Ange Todorovitch (Dorabella) sing with a cool, studied elegance, even if the production only sketches their emotional switchback in barest outline. Brightest spark of all is Sarah Fring's feisty Despina, vivid in her arias and displaying a healthy contempt for the contortions of her betters.

The production of John Caslen's *Golem* now touring as part of the Arts Council Contemporary Music Network is its third staging in just over two years. The first performance, directed by Pierre Audi, took place at the Almeida Festival in 1989 and last year Andrew Porter reported here on the American premiere in Omaha, Nebraska. In 1990 also the opera was awarded the first Britten Prize for Composition and the commercial recording that was part of the winner's package was released four months ago.

The new touring version, produced by Andrew Mackin-

non for Northern Stage, retains much of the cast from the Almeida staging: Richard Bernas is again the conductor, though this time the instrumentalists are supplied by the Northern Sinfonia. Where Pierre Audi's approach been almost perversely abstract and purged the opera of all its trappings of period and place, the Mackinnon's unfolding of the myth returns it to its specific Jewish setting. Tom Piper's set of crumbling masonry really suggests a tightly knit community on the brink of extinction, and the narrative is made much easier to follow, and characters more crisply defined: in the retrospective Prelude the social status of the Maharal, the Rabbi who in his youth had created the Golem and witnessed the dreadful consequences of its creation, is perfectly clear, while the role of the counter-tenor Ometh as the wounded, destructive outsider is more telling than ever.

Yet such literalism does cost the opera some of its mystery. There were moments during the production's London stopover when one remembered wistfully Audi's glass-topped tables, his designer shirts and slacks, on all their self-conscious modishness did spread their net and draw out the threads linking *Golem* to a whole bundle of European myths in ways that Mackinnon's emphasis on story-telling can only ignore. Yet the power of Caslen's work is still first and foremost musicality vivid invention and faultless proportions come first, well before the fine-drawn details of characterisation and the sureness of the dramatic make their marks.

All the performances are again splendid. Bernas's control of the score is as firm as ever, his teasing out of the muscular, lyrical lines always secure. Adrian Clarke's Maharal, compensating for lack of sonorous weight with intelligence and accuracy, and Christopher Robson's haunted, disconcerting Ometh fit as easily into the production as they did into the first. There is a new Golem, Stephen Richardson, who grades the creature's transition from insensibility to a kind of self-knowledge with great care, and musters a forbidding, almost menacing, aura for dramatic package that, however two-dimensional, is much more approachable and involving than before. There are opportunities to catch the production during November in Sheffield, Manchester, Huddersfield and Coventry.

Andrew Clements

## Prokofiev Festival/The 'Suisse Romande'

## ROYAL FESTIVAL HALL

The London Symphony has mounted a centenary Prokofiev festival, more ambitious than the Royal Philharmonic's cautious dip last winter. Rostropovich is conducting them in six more concerts, and the Gulistan School of Music is performing Prokofiev's 1940 opera *Betrothal in a Monastery*. He plays in one of the five chamber concerts, too; there are also free pre-concert concerts in the Barbican foyer, and in the Barbican cinema several films with Prokofiev music, and other "events" and exhibitions.

Though all these are in the Barbican, the festival began on Sunday in the Festival Hall because of the intimidating forces required for both the "Incantation" *Seven, They Are Seven* and the "concert oratorio" *from the Terrible that Stasesh* cobbled together from Prokofiev's film-score for Eisenstein. We were suitably intimidated.

*Seven, They Are Seven*, composed in 1917 but scarcely ever performed, is a cousin to Stravinsky's 1911 cantata *Zvezdochka* which by a happy chance the BBC Symphony played here a fortnight ago. Each sets a brief Balzac poem, mystical and obscure, to starkly atonal music for chorus. Each is hyper-

dense and supercharged, with an orchestra wildly disproportionate to the playing-time: less than five minutes for *Seven*, about seven (appropriately) for Prokofiev — who demands not only a full chorus where *Zvezdochka* uses just men, but a dramatic solo tenor too.

Here, that was Gagan Gregorian, an intrepid Armenian, with the London Symphony Chorus unfazed and in full cry. Whereas *Zvezdochka* is stony and rapt, in *Seven*... the tubas howl and by percussion crashes while the voices shout hoarse repetitive chants. Prokofiev claimed later that he meant to express the spirit of 1917, that fateful year, in fact the piece conveys — and in sensitive listeners, probably induces — a sense of desperate, overwhelming anxiety.

The cinematic *from the Terrible that Stasesh* made a resounding impact, as well it might with devices like reinforcing bass lines by a drum-thump on every note. In this 1988 American adaptation by Michael Lankester, the musical episodes are linked by narrative — "although these more terse" than in the Stasesh version, according to the programme-notes, but in fact overweeningly verbose and florid. Christopher Plummer delivered it with

the unabashed gusto it needed. With further assistance from Tamara Sinyavskaya's ripe mezzo and the sterling Lefteruk baritone, Rostropovich turned for Prokofiev — who demands not only a full chorus where *Zvezdochka* uses just men, but a dramatic solo tenor too.

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David Murray

## Billy Bragg

## TOWN &amp; COUNTRY

Billy Bragg is a very unusual performer — a socialist with a sense of humour, a songwriter who sympathetically evokes working class life, and a powerful front man for a rock band.

There is still a bit of the East End curate in him, bringing in the local heathen with buns and cocoa as a reward for sitting through the sermon. In Bragg's case the preaching is about the political ills of the world, and the treat is songs like "Sexuality" where the correct ideological position is conveyed in a catchy, singalong, style which gets everyone swaying in a communal solidarity absent during his lectures. The noise from the bar seems to make an even louder political statement.

Bragg has toned down his

propaganda in the last year, discovering that love is as potent a source material for songs as neo-Nazism, but he can still take himself seriously. He describes his conversion from solo crusader — a man with his socialist, his guitar — to singer in a band, as if it was the greatest career move since Dylan went down the same route. The Red Stars, tight, witty, and strangely subdued, certainly add variety to every concert tries to clamber on to the stage like a bull walrus only to be thrown back by the waiting roadies. As these trappings of show business accumulate around Bragg he is in danger of becoming a popular entertainer rather than Neil Kinnock's lyrical conscience.

Antony Thorncroft

## INTERNATIONAL ARTS GUIDE TODAY'S EVENTS

## ATHENS

Concert Hall 20.00 Ivan Fischer conducts the Budapest Festival Orchestra in Grischia Asagoroff's production of *Coeli fan little*, with a cast including Patricia Wilson, Hamari, Robert Swensen and Mikael Kraus, repeated on Thurs and Sun. (722 5511)

## BERLIN

Staatsoper unter den Linden 20.00 Yehudi Menuhin conducts the Berlin Staatskapelle in symphonies by Mozart and Beethoven, plus Mozart's Piano Concerto K271 with Jeremy Menuhin. Tomorrow: Der Rosenkavalier with Anna Tomowa-Sintow as the Marschallin (East Berlin 2004 762)

## COLOGNE

MUSIC Philharmonie 20.00 Rudolf Serkin Philharmonic conducts: musicians from Marlboro USA play chamber music by Mozart, Dvořák and Adolf Busch. Thurs: Marijana Lipovsek and Ben Heppner sing Das Lied von der Erde. Sun: André Watts plays Mozart (2801) Opernhaus 19.30 Lothar Zagrosek

conducts Friedrich Meyer-Oertel's new production of York Holter's Bulgakov opera Der Meister und Margarita, with Richard Salter and Marilyn Schmlege in the title roles, also Sat. Tomorrow, Fri and Sun: Gianfranco Masini conducts Simon Boccanegra, with Leo Nucci in the title role, Lyuba Kazarmovskaya as Amelia and Kurt Rydl as Fiesco (221 8400)

## THEATRE

Schauspielhaus 19.30 Aristophanes' Lysistrata, directed by Torsten Fischer. Fri: Jean Genet's Die Zofen (The Maids). Sat: Odon von Horvath's play Der jüngste Tag, directed by Günter Krämer (221 8400) Kammerspiele 20.00 Strindberg's Miss Julie. Fri and Sun: Brecht's Jungle of Cities. Sat: Arthur Schnitzler's play Miss Elsa (221 8410)

## DRESDEN

This week's events at the Semperoper include Lohengrin tonight and Sat, with Klaus König in the title role, a new production of Lulu tomorrow and Joachim Herz's staging of The Love for Three Oranges on Sun. The Dresden Staatskapelle gives two Mozart concerts with Colin Davis in the Kulturpalast on Thurs and Fri (4842 731). On Sat and Sun in the Kulturpalast, Martin Tirmo is conductor and piano soloist in a Mozart programme with the Dresden Philharmonic Orchestra (4866 286)

## FRANKFURT

Alte Oper 20.00 Ayrton Quartet and Tabica Zimmermann viola play string quintets by Mozart.

Tomorrow: piano recital by Andre Watts. Thurs and Fri: Dimitri Kitanok conducts a concert with young soloists. Sun: Lieder recital by Brigitte Fassbaender (1340 400) Oper The only performances this week are Eugene Onegin on Sat Boccanegra, with Leo Nucci in the title role, Lyuba Kazarmovskaya as Amelia and Kurt Rydl as Fiesco (221 8400)

Jahrtausendtheater Hoftheater Budapest Operetta Theatre presents Kalman's Die Zirkusprinzessin on Fri and Sat (3601 240) English Theatre Kaserstrasse 20.00 Somerset Maugham's play The Constant Wife, directed by Martin Harvey. Runs till Nov 15. On Nov 22, the company presents Blood Brothers, a new musical by Willy Russell (2423 1620)

## GENEVA

Grand Théâtre 20.00 Jesus Lopez-Cobos conducts Alain Maréchal's production of Il barbiere di Siviglia, with a cast led by Vesselin Kasarova, Rockwell Blake, Patrick Rafferty and Carlos Feller. Runs till Nov 17, with next performances on Thurs and Sat (212311)

## GHENT

De Voores 20.00 Florian Heyerick conducts Jean-Claude Auvray's production of Il Ritorno d'Ulisse in Patria, with a cast led by Guy de Mey and Brigitte Baileys. Repeated on Thurs and Sat (252425)

## LONDON

Covent Garden 19.30 Performances have resumed after the orchestra strike. John Dew's production of Les Huguenots, conducted by David

Atherton, receives its delayed premiere tonight, repeated on Fri. Thurs: Fokine's Les Sylphides and three other ballets. Sat: David Bintley's Cyrano (171-240 1086) Coliseum 19.00 Paul Daniel conducts Graham Vick's new production of Le nozze di Figaro, with a cast including Bryn Terfel and Joan Rodgers, also Thurs and Sat. Tomorrow and Fri: The Mikado (171-336 3151)

Royal Festival Hall 19.30 Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra in music by Glinka, Grieg and Rakhmaninov. Tomorrow: Murray Perahia plays three Mozart piano concertos (Sat 1-925 8800)

Saatchi's Watts 19.30 Company Karas in a full-length contemporary Japanese dance work by Saburo Teshigahara. Daily till Sat (071-278 8916)

## NEW YORK

JAZZ The Yellow Jackets are appearing every night this week at the Blue Note Jazz Club and Restaurant. The Yellow Jackets are Russell Ferrante (keyboards), Jimmy Haslip (bass), William Kennedy (drums) and Bob Mintzer (saxophones). Known for their catchy pop melodies with solid rhythmic underpinnings, the LA-based fusion quartet, formed in 1980, draws on R&B, jazz, pop and jazz-rock. Showtimes at 21.00 and 23.30. Next week: Larry Carlton (131 West 3rd St. 475 8522)

MUSIC Avery Fisher Hall 19.30 Claus Peter Flor conducts the New York Philharmonic Orchestra in symphonies by Mozart and Mendelssohn, plus Siegfried

Matthus' Timpani Concerto, with Roland Kohoff. Thurs, Fri, Sat and next Tues: Robert Shaw conducts choral works by Barber and Mozart (875 5030). Tomorrow in Carnegie Hall: Prague Symphony Orchestra (247 7800) Metropolitan Opera 20.00 Julius Rudel conducts Die Zauberflöte, with a cast including Jerry Hadley as Tamino, Hakan Hagegard as Papageno and Hans Sotin as Papagino. On Thurs and Madama Butterfly on Fri. Pre-booking at city centre ticket agencies (Bohemia, Na Prikoje 16, 228738, or Melantrich, Wenceslas Square 38, 228714) and theatre box offices.

## PARIS

Théâtre des Champs-Élysées 20.30 Mark Morris Dance Group in Purcell's Dido and Aeneas, repeated tomorrow and Thurs (4720 3637) Châtelet 19.00 Song recital by Thomas Allen, accompanied by Roger Vignoles. Tomorrow and Fri: Satie, Poulenc and Ravel stage works. Thurs: Francisco Araiza song recital. Sat: Kent Nagano conducts Gurrelieder (4028 2840) Salle Pleyel 20.30 Pascal Verrot conducts the Ensemble Orchestral de Paris in music by CPE Bach, Mendelssohn, Petrol and Haydn. Fri in Salle Gaveau: Gerhard Oppitz and friends play piano quartets and quintets by Fauré, Schumann and Philippe Hersant (4581 0630)

## PRAGUE

This week's events at the Smetana Hall include a concert tonight at 18.30 by the Czech Radio Symphony Orchestra conducted by Oskar Danon, with a programme including music by Janacek,

Schubert and Franck. Tomorrow Arco Collegium gives a concert of baroque chamber music, and on Sun the Suk Chamber Orchestra plays music by Telemann, Stamitz, Mendelssohn and Bartok (Prague branch 232 5858). The National Theatre repertoire includes Il barbiere di Siviglia tonight, Dalibor tomorrow and The Devil's Wall on Thurs. The Smetana Theatre has Entführung tomorrow and Sat, and on Thurs and Madama Butterfly on Fri. Pre-booking at city centre ticket agencies (Bohemia, Na Prikoje 16, 228738, or Melantrich, Wenceslas Square 38, 228714) and theatre box offices.

## WASHINGTON

THEATRE ● The Women: an ageless revival of the Clare Booth Luce comedy of the 1930s, strongly directed by John Gielgud. Runs till Dec 8 (Studio Theatre, 332 3300) ● Two Trains Running: Pulitzer Prize-winner August Wilson continues his cycle of plays chronicling the experience of African Americans. Directed by Lloyd Richards. Opens tomorrow, runs till Dec 8 (Elmslow Theatre, Kennedy Center, 457 1800)

MUSIC Kennedy Center Concert Hall 19.30 Cello recital by Matt Haimovitz, including Bach's Cello Suite No 3 and Britten's Suite Op 72. Thurs, Fri, Sat: James Conlon conducts the National Symphony Orchestra in Bruckner's Seventh Symphony and Mozart's Piano Concerto No 20, with David Golub (467 4600). The Washington Opera season opens on Sat with Don Carlo at the Kennedy Center Opera House (467 1800)

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Week  
21.30-21.40 Your Money

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Superchannel  
19.30-19.50 FT Business Weekly  
Sky News  
13.30, 16.30, 20.30, 00.30, 02.30 FT  
Business Weekly  
CNN  
07.00-07.40 Moneyline  
19.40-19.50 Inside business  
19.50-20.00 Your Money  
19.50-20.00 World Business This  
Week  
19.40-20.00 Inside business



## FINANCIAL TIMES

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Tuesday November 5 1991

## The road from Madrid

THE MAIN protagonists in the Middle East conflict have met, sat together, argued sometimes violently, returned to the table, and agreed to meet again. A year ago such prospects belonged to the world of fantasy, six months ago to the realm of wild optimism, and even a month ago as the still fanciful speculation of the most upbeat officials involved in the peace-making efforts.

Madrid is an achievement which its participants must never be allowed to forget and for which its co-sponsors, the US and the Soviet Union, should be warmly congratulated. Having got this far, after four decades of suffering and impasse, it would be intolerable for the process to collapse or be allowed to wither for lack of commitment, compassion or international assistance.

After Madrid, the Middle East looks a little different. It is not because any substantive concessions were made, but because mutual perceptions have been partially changed. There are now different faces on view and in prospect. Mr Yitzhak Shamir, Israel's prime minister, who insists he will not trade land for peace, must be seen in a different light. Mr Yasser Arafat, the PLO leader, whose efforts at moderation cannot soften his image in Jewish eyes, come from a background where flexibility and concession were not normal words in the political vocabulary.

But neither may now have the last or definitive word. The Palestinians have benefited notably from the more reasoned, better articulated exposition of their cause which was heard in Madrid. Israel must absorb the lessons if it wishes to compete effectively for international public opinion.

## Political price

Syria, equally, must acknowledge that it will no longer be enough to enunciate a hardline position for domestic consumption when the next round of talks opens. The Madrid conference suggests that President Hafez al-Assad needs to be part of the peace process but he, too, must accept there is a political price to be paid. If the next round of talks is to get under way soon some of the price needs to be paid in advance. As Mr James Baker,

the US secretary of state, emphasised, there is an overwhelming case for unilateral initiatives which will encourage public opinion on both sides of the Arab-Israeli divide. The most obvious and welcome would be an announcement by Israel of a halt to the building of settlements in the occupied Arab territories and the lifting by the Arab countries of the economic boycott against Israel. Neither gesture would be costly, would not prejudice the outcome of negotiations, or fail to demand a response from the other side.

## Extremist response

Such measures will also be needed to offset the expected counterattack by extremists opposed to the compromises which become inevitable in a peace process. Arab radicals are likely to use whatever violent means they can to wreck the negotiations and it will be vital not to allow the crudeness of the provocation to prejudice what was achieved in bringing the parties to Madrid.

Opponents of the peace process in Israel, and those who have set their faces against any form of territorial concession, should also be in a better position after Madrid to reflect on what is at stake in Israel's relations with Washington. President Bush and Mr Baker made very clear in Madrid what they expected from the parties and it would be unwise for the Israeli government to assume that the 100bn it is seeking in loan guarantees to house Soviet immigrants will be forthcoming if further settlements are built in the occupied territories.

While Mr Bush may be running into difficulties over his management of the economy, his mastery of foreign affairs, underlined by the success of Madrid, makes him a formidable opponent for domestic pressure groups, particularly for those seeking additional funds. The Madrid conference has not only offered the first, still very dimly glimpsed outline of a Middle East peace settlement, it has also given the first hints as to the political price to be paid by its participants who will be able to avoid responsibility for any failure to build on the foundations they have laid.

## A watchdog calls the banns

NOBODY could accuse Britain's Building Societies Commission of a hands-off style of regulation. Indeed there are times when it looks more of a nanny than a watchdog. The commission's swift move to find a safe home for the Town & Country Building Society is a case in point. Until the commissioner, Mrs Rosalind Gilmore, invited representatives of the five largest societies around to her office at the weekend Town & Country had yet to declare a loss, and was regarded as one of the best capitalised of all the societies. Today it has fallen into the arms of the Woolwich to the accompaniment of press headlines that refer to a rescue rather than a marriage. In the absence of any hint of a rescue, was this really necessary?

A robust response might be that it was precisely the lack of such hands-on regulation that enabled the US savings and loan fiasco to reach its proportions. In a world where prudential supervision appears all too often to be three steps behind the market place, pre-emptive action has something to be said for it, especially when, as in the case of the building societies, a hitherto protected business is being subjected to liberalisation under the provisions of the 1986 Building Societies Act. By the time a run develops, it is anyway too late to do anything constructive.

## Risk assessment

Nor, looked at from the opposite perspective, is there really room for a wholly free market solution. Small savers are simply not up to making sophisticated assessments of risk in the bank balance sheets and the pre-electoral politics of bankruptcy in the building society movement preclude *laissez-faire* solutions. The big building societies also feel they have too much at stake in the continuing public perception of building society creditworthiness to stand idly by while avoidable failures occur.

But that really begs the question of whether Town & Country's goose was really cooked. The society's mistake was to over-expand in the heady credit climate of the 1980s while failing to take out

mortgage indemnity insurance on higher risk loans. But it still had reserves of around £150m at the last balance sheet date and derived more than 80 per cent of its funds from stable retail deposits.

## Shotgun marriage

In the current year it is expected to lose up to £10m after making nearly £40m of provisions for bad and doubtful debts. Hardly an urgent financial plight. The society's members might well feel that this shotgun marriage deprives them of the more generous merger terms that might have been available if the management had been given more time to address its problems or to find a buyer from outside the building society fold.

The problem here is that outside bidders have almost certainly been prepared to look, but not to leap, though the members could reasonably argue that their interests would have been better served if the Building Societies Act's voting requirements on this score were less onerous. As for Town & Country's cushion of capital, it may look substantial relative to other societies, but the leverage in its balance sheet is such that the capital would be wiped out by a decline of only 8 per cent in the value of the mortgage loan book.

If the home loans market were about to take off again, that would not be a problem. But the market is flat, home ownership is at a peak and there is excess capacity in retail banking. The process of consolidation in the building society movement has been under way for more than a decade and needs to go further. If one of the by-products of Mrs Gilmore's manning is a swifter pruning of surplus capacity, so much the better.

Deregulation has transformed the market in which the societies now operate and management is confronting difficult and unfamiliar challenges. Even allowing for the continuing constraints on the Building Societies Act, it is a high-risk environment. Against that background, the interests of depositors will not be damaged by prudential marriage broking by the commission.

The future of small building societies is clouded by uncertainty, says David Barchard

## Big fish to the rescue — for now

There is nothing glamorous about the Building Societies Commission, the regulator of UK building societies. It is housed in a supremely undistinguished 1950s concrete building on Great Marlborough Street, close to Oxford Circus in the centre of London. Working hours are typical of most public officials.

But this weekend the commission's HQ was packed. Its investigators had discovered that one of the 20 biggest building societies was on course to make a substantial loss for the year.

Mrs Rosalind Gilmore, the Building Societies Commissioner, knew something had to be done to prevent a crisis of confidence among Town & Country's 222,459 savers who have an estimated £1.55bn invested in the society's accounts. Though T&C's directors had for some time been negotiating a merger with Bank of Ireland, the second-biggest Irish bank, its future was now out of their hands.

On Sunday afternoon, Mr Ian Bell, T&C's managing director, was summoned to Great Marlborough Street, to be informed that Woolwich, the fourth-largest building society, had been chosen to absorb T&C's 78 branches and £2.2bn of loans and other assets.

All that remained was to issue a press release yesterday announcing merger negotiations had begun — a euphemistic way of saying that the Woolwich was rescuing the society. The problem at T&C has been most pronounced. These lenders had tried to expand rapidly in the 1980s. The centralised lenders — foreign banks and mortgage companies with no branch networks — which raised funds at market rates from the money markets, were hard hit by a rise in interest rates. Large building societies, in contrast, had more of a cushion, since many of their funds came from savings accounts paying considerably less than market rates.

Some smaller building societies — Walthamstow, Peckham, Town & Country were among the best run in the industry. Large building societies, in contrast, had more of a cushion, since many of their funds came from savings accounts paying considerably less than market rates.

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From its modest headquarters in the Strand, Town & Country itself in the 1980s as a fast-moving, medium-sized society, determined to grow, writes David Barchard.

But it was a reputation that crumbled rapidly when interest rates rose and the housing market went into depression. Town & Country's historical roots go back to 1848 and the Midlands, but the present society dates from 1975 when it was formed out of a patchwork of mergers of smaller societies.

By 1988, and the height of the housing boom, the society seemed to have achieved its ambition. Its assets had grown from £320m in 1980 to

made possible by the 1986 Building Societies Act. The commission has, however, policed these new activities effectively and prevented societies from becoming over-exposed to them. The losses from diversification are insignificant compared with the provisions societies are making this year to cover the risk of losses on mortgage lending.

The mortgage market is littered with casualties. Most have been among the unregulated mortgage lending companies which entered the UK housing finance market during the 1980s housing boom.

Some have already disappeared. Mortgage Express, a rapidly-growing mortgage company of the late 1980s owned by the TSB, was shut down earlier this year. Others are trying hard to exit from the market. About 20 mortgage portfolios, among them that of Canadian Imperial Bank of Commerce, once a star of the mortgage markets, have been up for sale for more than a year.

On Friday this week another former mortgage market star, National Home Loans, will announce heavy losses, perhaps as high as 50m, during 1991. Mr Adrian Coles of the Council for Mortgage Lenders, blames much of the industry's problems on the sharp and sudden increase in interest rates from 1988. "The rise was unprecedented in its steepness."

The hardest-hit lenders are in the south-east where the fall in the housing market has been most pronounced. These lenders had tried to expand rapidly in the 1980s. The centralised lenders — foreign banks and mortgage companies with no branch networks — which raised funds at market rates from the money markets, were hard hit by a rise in interest rates. Large building societies, in contrast, had more of a cushion, since many of their funds came from savings accounts paying considerably less than market rates.

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by several other weaknesses. About 70 per cent of its mortgage business came not through its branches but from financial intermediaries such as insurance salesmen. Mortgage business of this sort is about three times as likely to come unstuck as mortgages sold through branches, according to Mr John Wrigglesworth, an analyst at UBS Phillips & Drew, the stockbroking firm.

T&C was also one of only two societies in the top 20 which did not take out external insurance to cover a portion of the risk of mortgage losses. The other was Nationwide. Mr Wrigglesworth says T&C's average loss on a repossessed home is therefore twice the level of that of other societies.

So there is evidence to suggest that T&C is not the harbinger of a general crisis in the building society industry. Several societies look as if they may be on course to post losses during the current year, but they are small.

"There are strains on the industry but I think they are tolerable. We can cope with our downturn better than the banks can," says Mr David Gilchrist, Halifax group general manager. Mr Wrigglesworth agrees. "There will not be any more losses among the top 20 societies."

Not all industry observers are quite so optimistic. "The smaller societies are largely one-man bands. Until now they have been protected from the consequences of their mistakes by the cushion of assets in the housing market. I think there will be a whole queue of societies looking for new owners, more than half a dozen. When a much larger society needs a friend, the real problem will come," says one mortgage market specialist.

Earlier this year building societies believed that a cut in interest rates might stimulate an early recovery of the housing market. Now the year looks like ending without any such recovery. A growing volume of repossessed homes is steadily depressing the market further.

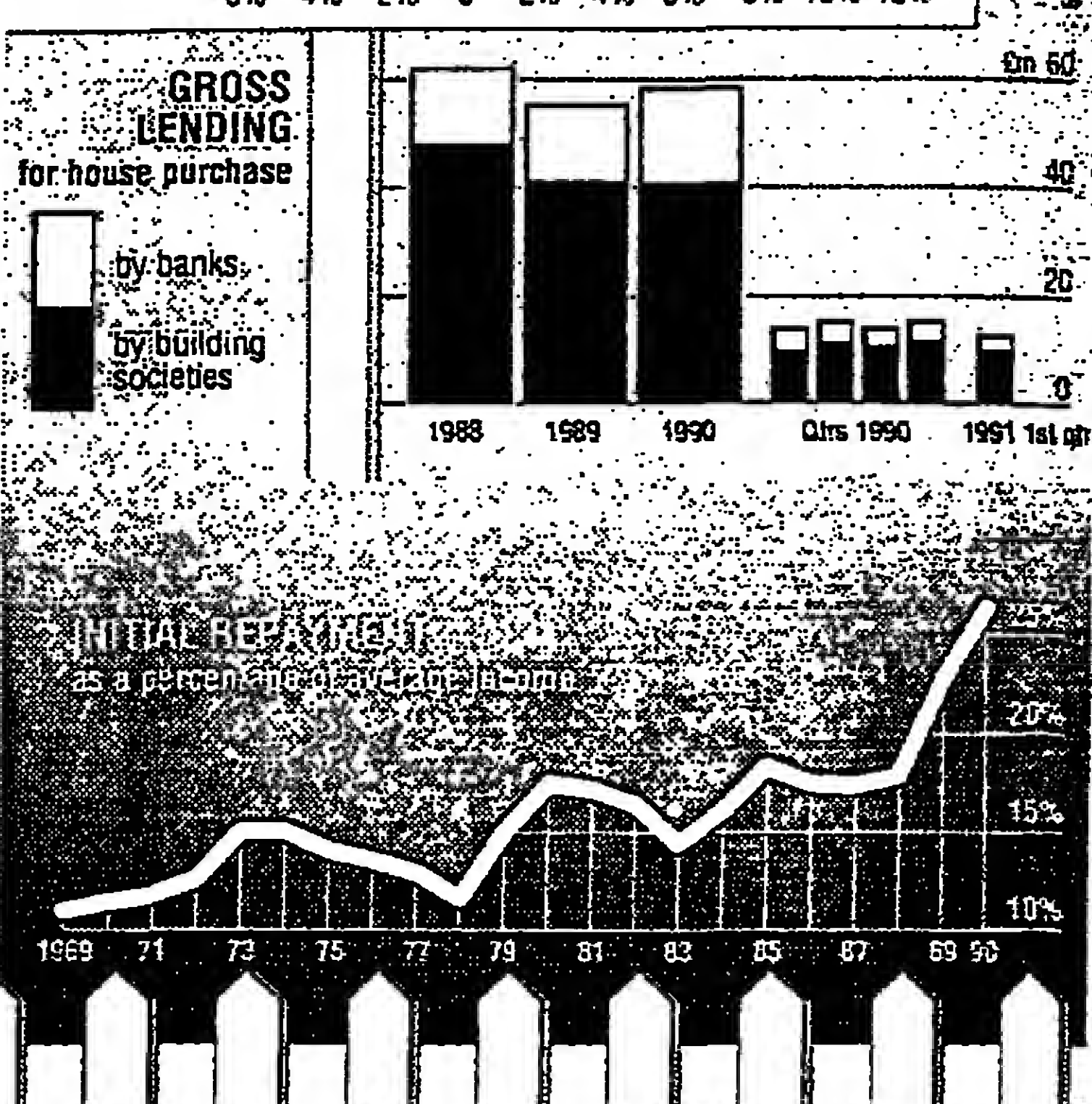
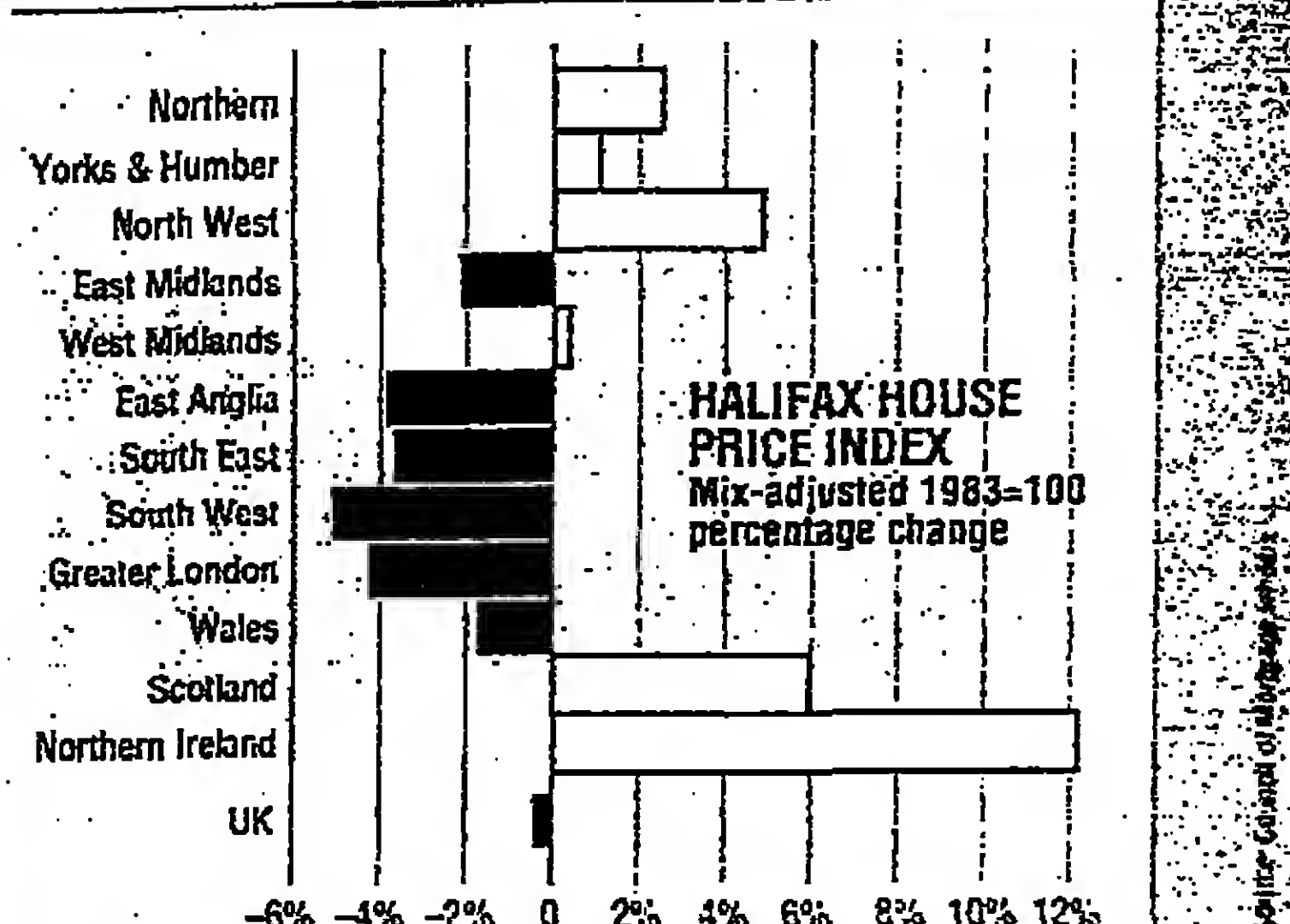
By the end of this year 55,000 homes will have been repossessed from customers unable to pay their mortgages. These houses will be sold at knock-down prices, more than mopping up any new demand appearing in the market because of interest rate cuts. Nor are these repossessions the end of the story.

It is the future of the smaller building societies which is surrounded by uncertainty. There are now 95 build-

ing societies compared with 273 in 1980. Only the top 25 have assets of more than £1bn. Most of the smaller ones are strongly capitalised and their financial performance is monitored each month by the commission.

How fast can rationalisation be expected? "I think the industry has a considerable capacity to rationalise itself. It will take the form of a lot of mergers of the very small societies. In one region there are 20 societies with less than £500m assets. It is only natural for them to join forces," says Mr Gilchrist of the Halifax.

At the moment, the *esprit de corps* in the industry is such that when a society runs into difficulties, the commission has little difficulty persuading one of the big societies to swallow it. But with competition increasing, they may not remain so amenable.



their mortgage payments. Most are likely to become repossession cases in due course. In the past these borrowers would have been able to sell their house as soon as they got into difficulties. In the present UK housing market, even distress sales at reduced prices are often impossible.

The large societies remain confident. Halifax made record provisions against bad debts of £123m in the first half of the year, but its profits were still up from £285m in the first half of 1990 to £307m this year.

A similar pattern of improved profits despite increased bad loan provisions is expected from Leeds Permanent, the fifth-largest society, when it announces its 1991 results — the first from any society — on Friday.

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## A shifting reputation

gage business was not always as good as that of some of its competitors, but while interest rates remained low, the society looked as if it had taken a gamble in a rising market and was, unlike the larger societies, which were trying to compete with the high street banks, retail banking operations were less important to Town & Country than the need to compete against specialist new mortgage lenders set up by foreign banks and insurance companies.

These new competitors had invaded its home markets in the south-east in the 1980s. Town & Country's strategy was directed at keeping abreast with them selling mortgages through insurance companies.

While other societies rushed to diversify, Town & Country remained mainly focused on the mortgage business, largely avoiding involvement in lines of business, such as commercial lending, which burdened its larger competitors. An exception was a decision to launch a small Visa credit card operation, which now has 40,000

card holders. It also went late into the estate agency business and so avoided losses which plagued bigger societies.

However, when the housing market changed, Town & Country, like its mortgage company rivals, incurred heavy arrears in its portfolio. Its profits tumbled from £36m to £19m in 1990 after it was forced to make provisions of £11m against loan losses. This year provisions against losses look set to rise towards £40m, pushing it into a probable loss of more than £7m.

Though this was only a fraction of its total reserves of £150m, at this point the industry watchdog, the Building Societies Commission, decided to step in.

## Lilley shows up

■ If Britain's bashful trade minister Peter Lilley is not remembered for anything else, he has ensured himself a footnote in history by being the first trade and industry secretary to put in an appearance at the Confederation of British Industry's conference.

There have been 15 UK trade secretaries since the CBI first started its annual shindigs in 1977, and their names are even more forgettable than the long list of CBI presidents and director-generals. But Lilley did his best to get himself remembered by cracking a few jokes at his own expense.

Referring to a recent successful trade mission to Latin America, he quipped "I might be unknown at home but I am a household name in Venezuela". And, alluding to the rapid turnover in his predecessors, he said he was glad the organisers had taken the "precaution of inviting Michael Heseltine as well, just in case."

While he was well received, however, the odds are against Lilley being called on to address next year's CBI conference, even if the Tories win the election. The turnover rate in this job is just too high.

## Deep rooted

■ Ultramar's circular to shareholders rejecting Lasso's advances omits one colourful tidbit. Not only are the chief executives of the two companies on opposite sides of a hostile takeover bid, but they also face each other across the deep divide of Canadian history.

Both Lasso's chairman, Chris Greentree and Ultramar's chief executive Jean Gaulin are Canadian. There, however, the similarity ends. Greentree has his roots in the prairie province of Saskatchewan and spent most of the 70s working for Ranger Oil, the nimble-footed Calgary-based energy group.

## OBSERVER

Gaulin, on the other hand, hails from French-speaking Quebec. He was educated at a Jesuit-run military college, and later played a pivotal role in building up Ultramar's Montreal-based business, which now makes up a big chunk of its worldwide assets.

Gaulin and his colleagues are banking on some support from Quebec in their campaign to see off Greentree. The Quebec government, ever keen to beat the drum of economic nationalism, is quietly being reminded that a new owner of Ultramar Canada may not have the province's interests as much at heart when it comes to new investment.

## Tall idea

■ Xenova, a leading British biotechnology company, seems to be testing a height enhancement hormone on its own staff. While he was well received, however, the odds are against Lilley being called on to address next year's CBI conference, even if the Tories win the election. The turnover rate in this job is just too high.

## Ripe old age

■ One of the lesser-known incidents of the First World War was the great cheese crisis. To be strictly accurate, it was a crisis which never was, thanks to the timely action of the British government and the response by a Danish company at a time when it was feared that Britain's food supply could be cut off by German submarine warfare. It so happened that then, as now, much of the world's cheese was made with the help of an enzyme produced from the stomach of calves — these days it can also be made by genetic engineering — by the



Danish company Christian Hansen's Laboratorium. In the autumn of 1916, says CHL's current managing director, Steen Engel, the British government was so concerned at the threat to the supply of the vital ingredient that it asked CHL to set up a plant in the UK.

The company complied, and the plant was opened on November 5 1916, exactly 75 years ago, an anniversary which is being duly celebrated at CHL plant in Reading today. CHL, meanwhile, has gone from strength to strength, with a turnover of over £100m and plants in 25 countries supplying enzymes for the manufacture of more than 1,000 different types of cheese.

## Absent minded

■ Ronald Reagan is renowned for his poor memory — and the problem, it seems, is catching. A Newspaper Publishers Association blurb at the weekend, showed a picture of the ex-film cowboy in an Albany Life ad. "This newspaper advertisement was first seen in 1933. Shortly after Mr

Reagan became Mr President", the NPA proclaimed. So it seems the association cannot remember what Ronnie was doing between January 1981 (when he actually took office) and 1993. Perhaps they should have asked Nancy.

## Own goal

■ "Root out racial discrimination" is the Transport and General Workers Union's message to employers in its new guidebook to equality for all. Alas, as is often the case in such matters, the union has trouble following its own advice.

The computer which keeps details of its 1.2m members is not only racist, but guilty of high-tech sexism to boot. True, the union welcomes new entrants who are women, or black, or both. But unless they specify as such on their application forms, the computer automatically registers them as white and male.

The institutionalised discrimination machinery has distorted the membership figures in some curious ways. A TGWU official said: "We thought there was something funny going on when three-quarters of the home helps in Ireland appeared from the computer records to be male."

## Fan dance

■ News that the last Kuwaiti oil fire has been snuffed out reminds Observer of the two oil workers in a bar arguing whether the man drinking beside them is Red Adair.

"He's my hero, but I can't really believe it's him," says one. "Let's check," says the other and turning to their neighbour asks: "Aren't you Red Adair?"

"Yup," replies the great man. "I am." Whereupon the hero-worshipper grabs him enthusiastically by the hand. "I'm a life-long fan of yours," he gulps. "Tell me, how's Ginger Rogers?"

A TOUCH OF FRANCE

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**M**irko Tadić, the president of Serbia, will today make one of the most important decisions of his political career: whether to accept a European Community proposal which will transform Yugoslavia into a loose association of independent states.

If he rejects the plan, the EC is prepared to impose sanctions on Serbia and any of the other five republics which side with it. If he accepts, his political credibility among Serbs will plummet. Mr. Tadić is now looking for forces inside and outside the country to keep him in power. His choice is not clear-cut: rejection of the EC plan would also eventually prompt international recognition of Croatia and Slovenia; acceptance could unleash further nationalist forces inside and outside Serbia.

The EC has been unable for the past five months to implement any kind of lasting cease-fire in Yugoslavia. Today's meeting between the presidents of the six republics and Lord Carrington, chairman of the EC-sponsored peace conference, is a last-ditch attempt to force a decision.

The plan has several strands. First, it entails imposing sanctions - withdrawing all financial assistance, aid, credits, loans, preferential tariff agreements and most trade with Yugoslavia as a whole as well as the exclusion of Yugoslavia from the Gatt. Second, it envisages seeking support from the UN for an oil embargo. This would particularly affect Serbia, which depends on the Soviet Union, Romania and China for its oil supplies. Once sanctions were in place against the whole country, economic relations would be progressively renewed with individual republics that accept the EC proposals - leaving Serbia, if it continues to reject them, completely isolated.

This is a scheme of formidable complexity, which will require detailed monitoring mechanisms throughout Yugoslavia. For sanctions to work, full support from the EC, the US, the Soviet Union, all the countries of eastern Europe and Austria is crucial. All provide essential raw materials - for example, west Germany and Austria provide spare parts, white goods and cars - for the Yugoslav economy. The EC nations together account for more than 80 per cent of the country's total imports.

Confronted with today's ultimatum, four of the republics - Slovenia, Croatia, Macedonia and Bosnia-Herzegovina - are likely to accept the plan. Even the small southern republic of Montenegro, so long an arch-

Yugoslav republics face stiff sanctions if they do not accept an EC settlement, says Judy Dempsey

## Last hope for a lasting peace

supporter of Serbia, appears to be ready to accept an EC-mediated peace.

The obstacles lie in Serbia. For several months, Mr. Tadić and the federal army would be discriminated against in an independent Croatia. For its part, the federal army wanted to keep the territorial integrity of the Yugoslav federation intact largely because the army's entire *raison d'être* depended on maintaining the federation. But the more Mr. Tadić and the army attempted to cow Slovenia, and later, Croatia into submission, the quicker the federation collapsed.

Mr. Tadić argued that ethnic Serbs, who make up 12 per cent of the 4.6m-strong population of Croatia, would be discriminated against in an independent Croatia. For its part, the federal army wanted to keep the territorial integrity of the Yugoslav federation intact largely because the army's entire *raison d'être* depended on maintaining the federation. But the more Mr. Tadić and the army attempted to cow Slovenia, and later, Croatia into submission, the quicker the federation collapsed.

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is pushing up inflation, now running at more than 500 per cent a year.

"Sooner or later, the workers will take to the streets," one western banker said. "However, we must not underestimate the anti-European feeling in Serbia. Serbs might rally around Mr. Tadić and make him their anti-her."

The problem for EC monitors in Yugoslavia and for their colleagues in The Hague is that Mr. Tadić - in a departure from the pattern of the past four years - no longer completely controls the political agenda, either in Serbia or elsewhere in Yugoslavia. The war has irrevocably changed the country.

Since June, several thousand people - unofficial estimates suggest as many as 5,000 - have died in the fighting in Croatia. Serb doctors say the federal army, instead of bringing its dead to the mortuaries in Belgrade, has kept its bodies in agricultural refrigerators in the northern province of Vojvodina. The real casualty figures are kept secret.

Entire towns and villages throughout Slavonia, in eastern Croatia, have been flattened. More than 100,000 refugees - Croats and Serbs - have sought safety in Zagreb, the capital of Croatia, in Serbia, and in neighbouring Hungary and Austria. The Slavonian city of Vukovar has been under siege for more than 70 days. The medieval city of Dubrovnik has been bombed for the past month.

The catalogue of violence and destruction has snuffed out the voices of moderation. Serb and Croat paramilitary units are acting independently, outside any central control in Croatia. Local commanders in the Serb-dominated federal army, sensing its days are numbered, are launching what appears to be their final offensive against Croatia. The republic is seething with a desire for revenge. In Serbia, many young men have gone into hiding or abroad to dodge the compulsory call-up.

"I wonder if the EC has any idea about the depth of hatred and revenge between Serbs and Croats. It will be almost impossible for Croats and Serbs to live together again," a Croat sociologist said.

"The EC and the US kept turning a blind eye to Mr. Tadić. The longer he stayed in

power, the more he radicalised almost every ethnic group in the country. The EC must not appease Mr. Tadić," he added.

The EC failed to grasp the magnitude of Mr. Tadić's goals when he set out last Easter to realise his grand scheme: to create a greater Serbia out of Croatia and Bosnia.

Backed by the federal army, he encouraged the emergence of Serb nationalists in Croatia and in Bosnia. Today, he no longer controls the forces he let loose. Mr. Milan Babic, a dentist who is head of the self-proclaimed region of Krajina, south-west Croatia, is determined not to live in an independent Croatia; while Mr. Radovan Karadzic, a psychiatrist who heads the Serbian community in Bosnia, last week came close to saying Mr. Tadić would be a traitor if he accepted the EC peace plan.

Thus, if Mr. Tadić bows to economic pressure from The Hague, the sign of relief among EC officials could be followed by a sharp intake of breath: the EC could have to confront even more zealous Serb leaders than Mr. Tadić. That is why today's decision may not prove final, either for Mr. Tadić, or the EC.

To accept the EC ultimatum, and to survive politically, Mr. Tadić will have to seek assurances from the EC that the rights of the Serbs outside Serbia will be protected. "He has to be able to sell this plan to the Serbs when he goes home," an EC monitor said.

He may find that difficult. "In all honesty, I doubt if Mr. Babic (head of the Serbs in Croatia) will settle for this EC plan," a senior Bosnian official said. "Nor do I think that Mr. Tadić will be able to rein in the nationalist Serbs in Croatia and Bosnia. Moreover, if the EC also demands rights for the ethnic Albanians in Kosovo, this will infuriate many Serbs in Serbia itself."

An EC monitor in Croatia yesterday added his doubts about the success of the EC peace plan, and of the proposed sanctions. "If Serb-inhabited enclaves in Bosnia or Croatia reject the plan, will the EC then slap sanctions onto the whole of Croatia and Bosnia? You cannot draw demarcation lines within a republic to impose sanctions," he said.

A senior east European diplomat says the EC's shock plan is what is needed, but goes still further. "Cut off all diplomatic relations. Close the air space. Impose sanctions throughout the country. That is the only way to defeat the army and the nationalists. It is time the EC started negotiating from a position of strength."

Joe Rogaly

## A Tory vacuum



Yes, we will have an independent central bank, even if it is a European model. Yes, Scotland will be given some kind of home rule. Yes, the British parliament will gradually be reduced to the status of a regional assembly within a strengthened European community.

The way things look today, these three important constitutional changes seem to be inevitable, whoever wins the next election, and whether or not agreements on political, economic and monetary union are signed at Maastricht next month. Let me explain.

First, the bank. Neither Mr. Norman Lamont, the chancellor, nor Mr. John Smith, his Labour shadow, favours an independent Bank of England. Yet the current draft treaty on economic and monetary union, of which both sides approve, will give a huge impetus to the argument for independence for the British central bank whether or not that turns out to be a stepping-stone towards a Eurofed.

As for a Eurofed, a period of Whitehall delay before signing on to a single currency (if there is one) would be just that - a delay. Next, Scotland. If Labour wins, it will legislate for a Scottish parliament with its own tax-raising powers. If the Conservatives win on a low overall majority, which is the best they can hope for, they will have only three or four Scottish MPs left. The polls suggest that they will lose Kinnear and Deeside to the Liberals on Thursday. That would bring them down to nine out of 72 Scottish representatives. England cannot indefinitely rule Scotland against its expressed will. Some of the Tories know this in their hearts; it is a fair bet that they will release Scotland when the general election is over, at the price of reducing the number of Scottish MPs at Westminster.

Finally, Europe. The volume of directives emanating from Brussels is likely to keep expanding. This will be true whether or not we agree to a new political union treaty this year. Anyhow, no agreement in 1991 does not pre-

clude one in 1992 or later. Whatever its merits, any such treaty will mean one thing: more Brussels.

We also know what that entails. The big decisions are taken by councils of ministers, negotiating in secret. The detailed decisions are taken by officials, negotiating in secret. There is no genuine scrutiny at Westminster or anywhere else. Something will have to give. One suggestion is that an elected upper house, a replacement for the Lords, could become Britain's scrutineer. The likely European route is an enlargement of the powers of the parliament at Strasbourg. Then the case for a proportional system of electing Britain's representatives to that parliament will become harder to refute.

This short list of three near-certain developments should make it plain even to the Tories that talk of constitutional reform is no longer the monopoly of the chattering

There could be no consensus between people coming from such different ideological backgrounds, yet the sense of the meaning was that the locus of government power should be moved from its present base - a ramshackle collection of historic conventions - and codified into a new fundamental law. The constitution, rather than the Crown, or parliament, or history, would be the guarantor of a political level playing field. Europeans and Americans think like that. Most British politicians do not, or will not.

The Conservative party, which should be working to strengthen individual political rights, is almost wholly preoccupied with the preservation of its own power, which is one reason why it deserves to lose it. The Labour party is a more complicated story. Pressure groups such as Charter 88 and the Labour Campaign for Electoral Reform have created a groundswell of opinion in favour of a whole menu of constitutional change. The party leaders have responded by agreeing to some items and hinting at openness to argument on others, while steering clear of anything that might seriously limit the power of a Labour prime minister to sit on the throne of Britain's elective dictatorship. To true democrats, it is a confidence trick.

Labour's deputy leader, Mr. Roy Hattersley, is unashamed of this. He argues that constitutional reform is fine if it promotes his version of socialism. "Socialists cannot vote for continuity until a socialist society has been established," he argued in last week's *New Statesman & Society*. Mr. Hattersley is probably the best single reason for not trusting Labour's claim to have become the party of constitutional reform - and therefore for not trusting Labour.

The Tories reject everything, even a freedom of information law, for which a draft bill was published by campaigners yesterday. What do they have to hide? It would be easier to respect the Conservatives' thought processes if, individuals like Mr. Mount, apart, they showed the slightest sign of understanding the nature of political liberty, and the constitutional measures necessary to reinforce it.

Whatever its merits, any such treaty will mean one thing: more Brussels

classes. Nor does reform depend upon hung parliaments, sudden conversions to true democracy of entire political parties, backbencher altruism, or any other unlikely story. Give Scotland an assembly, the Bank of England its head and Strasbourg and Brussels an enlarged competence, and you have revolutionised the Westminster constitution.

The question is, how? This was discussed in Manchester at a weekend convention organised by the pressure group "Charter 88" and the Independent newspaper. The meeting had a good turnout - nearly 1,000 people in a full hall on the afternoon Australia beat England to take the rugby crown. Its platform included the wacky left, in the form of Mr. Tony Benn; Liberal Democrats; influential Kinnockites like Ms Patricia Hewitt; Mr. Ferdinand Mount, a former head of Mrs. Margaret Thatcher's policy unit; and, from the free-market Institute of Economic Affairs, Mr. Frank Vibert.

## LETTERS

### Manufacturers' real position

From Mr. Andrew Sentance

Sir, In describing (Letters, October 28) the UK's recent manufacturing performance as "dismal", John Wells compares manufacturing output at the peak of a previous economic cycle (1979) with its level in the current trough. He must surely recognise that this says very little about the underlying trend. It simply reflects excessive volatility of the economic cycle with which UK manufacturers contended in the 1970s and 1980s.

To gain an impression of the underlying position, the CBI manufacturing advisory group report, "Competing with the world's best", compares UK manufacturing performance with other leading industrialised countries. Over the decade 1980-1990, UK output growth was more rapid than that in France and Italy and in line with West Germany. UK manufacturing growth was outpaced, nevertheless, by Japan and the US. However, the growth of manufacturing productivity over the same period exceeded all other major countries, matching productivity growth in Japan.

While this is no ground for complacency, it represents a remarkable turnaround from the late 1970s: UK manufacturing output declined between 1975 and 1980 by 1 per cent per annum when other major economies achieved growth of 3 to 7 per cent. Many of John Wells' figures reflect the legacy of this period - and the many decades which preceded it - from which UK manufacturing is only now recovering.

Andrew Sentance,  
director of economic affairs,  
CBI, Centre Point,  
103 New Oxford Street, London

### Right spirit

From Mr. C. Mosseri-Mario

Sir, To synchronise the English and French abbreviations for the EEC and EFTA agreement just signed, I suggest the initials used to be EEE. In English this would mean European Economic Entity; and in French, Espace Economique Européen.

This would be in the spirit of the Ecu and Concorde. C. Mosseri-Mario,  
"The Travellers",  
25, Avenue des Champs Elysées,  
Paris, France

### Shareholders must show the will to be effective

From Mr. Donald B. Butcher

Sir, You continue to devote generous space to the topic of corporate governance. Lord Ezra's letter (October 31) was a further notable contribution. One of his points was that the "companies act is noticeably deficient in its references to the functions of directors".

I am a shareholder in Ultramar trying with some difficulty to maintain my belief that private shareholders are actually rather important building blocks in the democratic process. Here we have the directors of a plc whose main function evidently was to lose money hand over fist. They paid themselves £4m in aggregate in the last reported year. To my knowledge one of the highest rewarded plc boards. This level of reward motivated them to achieve a return over a decade less than that which the shareholders could have obtained from investing in a building society. Nevertheless, resigning in droves with what are reported to be unbelievably rich severance packages.

The shareholders hold the company's equity but there doesn't appear to be much of a market for the shares. The emoluments or their severance packages. Any "equitable" arrangement would have the

board paying the shareholders to go quietly. A train driver who goes into the buffers gets sued. How come directors can do the same and get handsomely rewarded? Lord Ezra's point is nicely made.

The best thing the newly reconstituted Wider Share Ownership Council could do is to educate and train private shareholders in their ownership role. The government seems interested only in flagging shares to people and curiously uninterested in advising them about the responsibilities which go with share ownership. Corporate governance will improve when we have better trained private shareholders voting at annual general meetings on resolutions which record the performance and rewards of directors against targets agreed by shareholders. It could be easily done if the will were there.

Let us now hope that private shareholders of Ultramar have to find a way of making their views effective. Can we hope that Count Alexei Orloff is a shareholder and will wish to deal with the large sum of spare riding to the rescue? Donald B. Butcher,  
12 Burgh Heath Road,  
Epsom, Surrey

### Sugar quota needs no increase

From Mr. Paul J. Mirsky

Sir, We must take issue with David Richardson's case for an increased UK beet sugar quota (Commodities, October 28). UK beet production from the A-B quota and output of the two UK cane refineries which, under the Lome Convention, import and refine cane sugar from developing, mainly Commonwealth, countries are equal to UK consumption.

The UK food processing industry, in addition to buying sugar from UK beet and cane sources, imports over 125,000 tonnes per year from the EC. There is capital invested in the infrastructure for some of these imports and UK sugar buyers have always wanted to maintain a third source of supply for reasons of security and price competition. As a result there is a large annual surplus of sugar in the UK which must be exported, and is available to

meet any increased UK needs. Tate & Lyle Sugars would be delighted to meet any increased domestic demand by reducing its exports.

There is no justification for an increase in total beet quota from the Community or any individual country. Any increase would cause the EC to fail to make the greatest use of the opportunity of the upcoming sugar regime review to deal with the large surplus of community sugar overhanging the world market.

Paul J. Mirsky,  
managing director,  
Tate & Lyle Sugars,  
Enterprise House,  
45 Honesdale Road,  
Bromley, Kent

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### Value of a no-strike clause

From Mr. Simon Milner

Sir, David Goodhart rightly points out that one of the most interesting aspects of the new single-union deal at Toyota is the lack of a no-strike clause ("Single union agreement comes of age", November 1). He is wrong, however, to state that "technically there can be no such thing in British employment law." These clauses may not be legally enforceable but then no UK collective agreement (at the moment) is contractual in any legal sense. This does not render their contents bogus. If we are being pedantic, most collective agreement clauses do not technically exist in employment law.

A more interesting question is whether or not the absence of a no-strike clause indicates that the Toyota deal is more "union-friendly" than the Nissan agreement, as Goodhart argues. It is equally plausible to argue that a no-strike clause would be a useless appendage to the deal anyway since strikes are now virtually extinct in the private sector. A no-strike clause was probably considered a waste of paper by Toyota management does anyone seriously expect that the lack of a no-strike clause will mean that a stoppage is more likely at Toyota than Nissan? Simon Milner,  
Centre for Economic Performance,  
London School of Economics,  
Houghton Street, London WC1

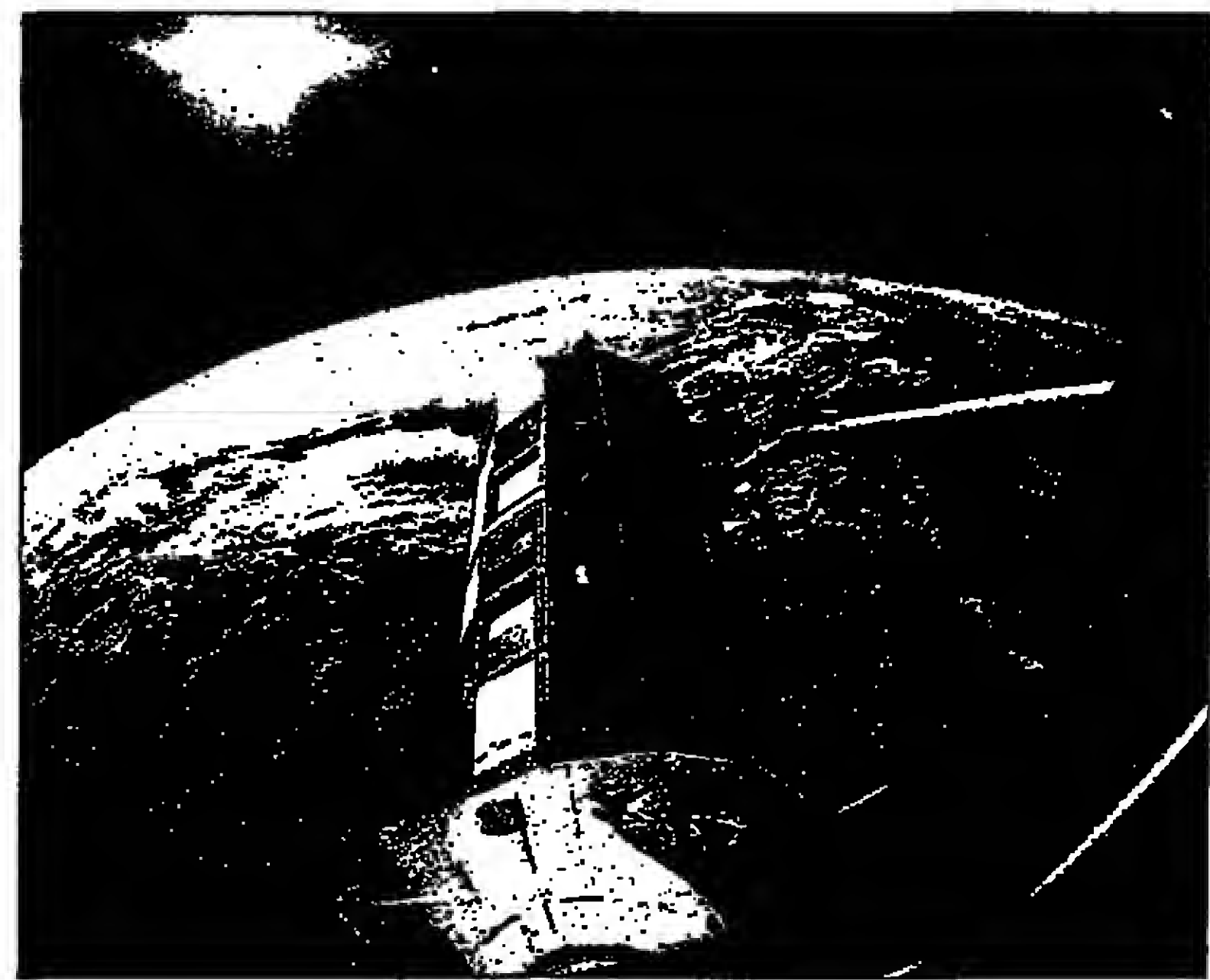
### Security picture

From Mr. Charles Kennedy

Sir, In Mr. Barchard's fine article on the dangers of cash cards and pass-books (Finance & The Family, November 2) he highlights situations where thieves use stolen cards in banks and building societies to obtain large sums of money.

Surely, the answer to these problems is for us all to have our picture on our pass-books and, hopefully, on credit cards as well. Indeed, a national identity card is now almost essential as well. An international driving licence requires a picture; is a pass-book less important? Charles Kennedy,  
West Lodge,  
Claydon,  
St. Andrews,  
Fife KY16 9YE

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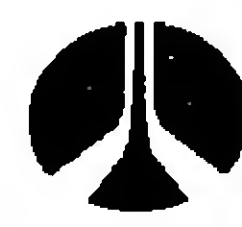
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# FINANCIAL TIMES COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1991  
Tuesday November 5 1991

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## INSIDE Blue Circle buys radiator group

**Blue Circle Industries**, the UK cement group, has diversified further with the £18.7m (\$33m) purchase of Sweden's largest radiator producer. The acquisition follows its strategy of expanding in Europe, particularly in the bathroom and heating products sectors. It claims it will now be the third largest radiator supplier in Europe. Page 28

**Pace of Korean life slows**  
The recent exponential growth of the Korean life insurance market is set to slow, following a doubling of total written premiums in two years. At the root of the slowdown is fierce competition spawned by government policies of financial liberalisation. Yet despite the competitive pressures buffeting the sector, the Korean insurance market still offers huge potential. Page 23

## Buddy, can you spare £7,000

Recessions should be boom times for executive outplacement specialists, who help sacked or redundant employees find new jobs. But as the UK outplacement company Sanders and Sidney - which charges £7,000 (\$12,400) per executive - points out, very little business comes from companies that are in financial crisis. Andrew Bolger looks at Sanders' experience of spending its way out of the current recession. Page 28

**Punjab farmers dig in**  
Punjab makes the largest contribution to Pakistan's agricultural sector. Not surprisingly, therefore, attempts by the federal government to reduce subsidies in the agriculture sector have found little favour in the province. The local assembly, in response to its strong farmers' lobby, is demanding new commitments of financial assistance to farmers, and higher crop prices to match international rates. Page 29

**No privatisation without tears**  
Eastern Europeans - even the most financially-developed Hungarians - have discovered that there is no such thing as privatisation without tears. Last week's cancellation of the flotation of the Danubius hotel chain was prompted by the removal of important tax concessions. As auditors probe the inner secrets of privatisation candidates, many unpleasantries have been unearthed. Page 27

**GT Venture buys portfolio**  
GT Venture Management, a UK fund management group which specialises in buying unwanted venture capital portfolios from institutional investors, is to acquire the venture portfolio of a large Canadian pension fund. GT is buying the venture investments of the Ontario Municipal Employees' Retirement Scheme. Page 28

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**Chief price changes yesterday**

FRANKFURT (DM)		Genoa		Osaka	
Alfa	750	-	20	5 1/2	- 1/4
Alfa Ind & Verk	625	-	12	18 1/2	- 1/2
Alfa Ind	955	-	15	26 1/2	- 1 1/2
Colona Knm	357	-	13		
Eni	635	-	15		
Eni Ind	320	-	8		
Rhone-Poulenc	320	-	8		
NEW YORK (\$)		Paris		Tokyo	
Alfa	40 1/2	-	1/2	710	- 20
Alfa Ind	40 1/2	-	1/2	1431	- 64
Alfa Ind	37 1/2	-	1/2	928	- 24
Alfa Ind	40	-	1 1/2	745	- 38
Alfa Ind	40	-	1 1/2	323	- 8.5

**LONDON (Pence)**

Alfa	18	-	5	Gen Accident	490	-	14
Alfa	75	-	13	Genoa	758	-	18
Alfa	27	-	3	Haemocoil	183	-	12
Alfa	153	-	9	Labid	248	-	13
Alfa	30	-	12	Labid	247	-	7
Alfa	287	-	19	Labid	247	-	7
Alfa	359	-	7 1/2	Labid	247	-	7
Alfa	197	-	11	Labid	247	-	7
Alfa	174	-	11	Labid	247	-	7
Alfa	41	-	7	Labid	247	-	7

## OfTel raises spectre of BT price review

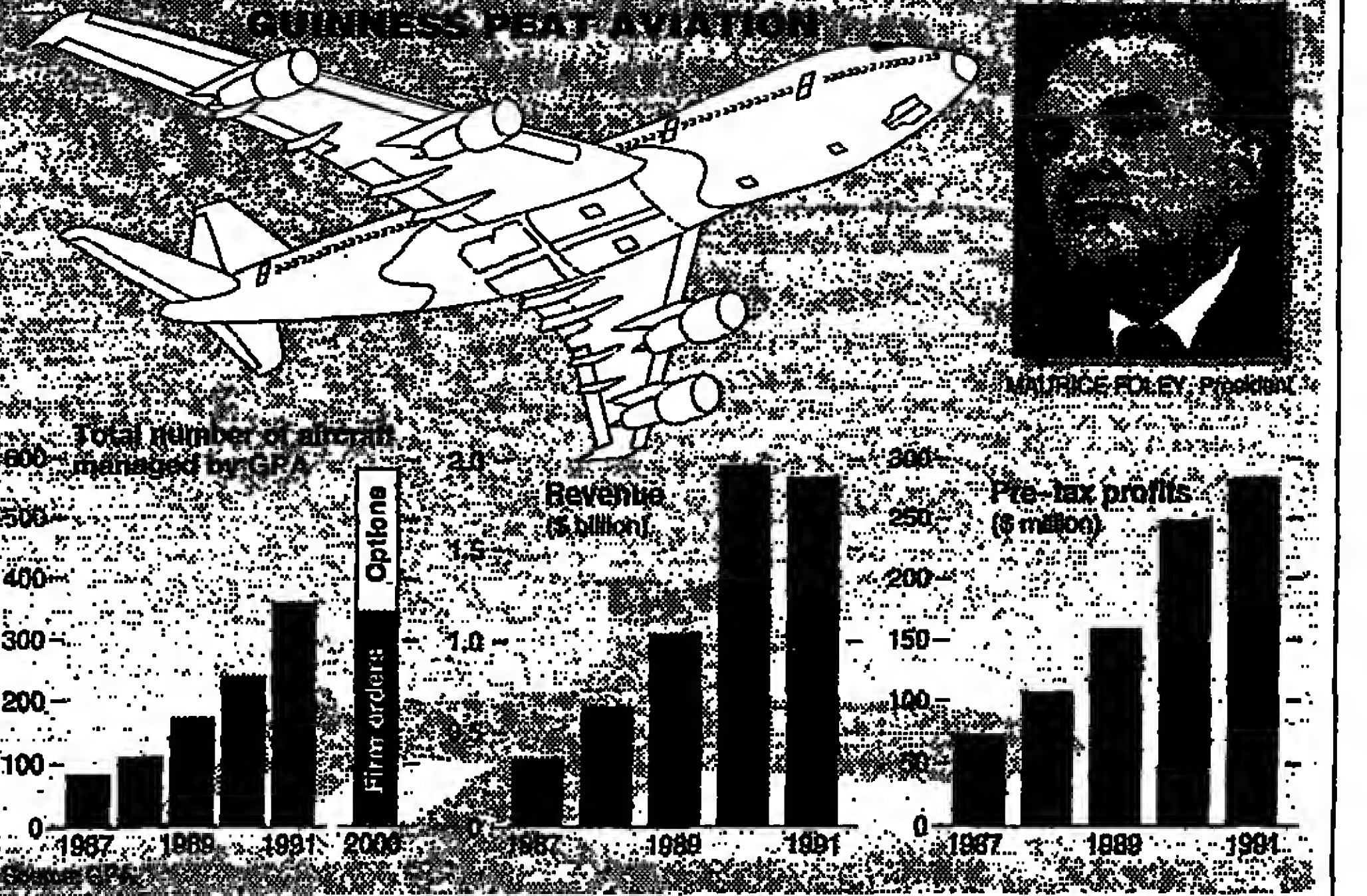
By Hugo Dixon and Roland Rudd in London  
OFTEL, the UK telecommunications regulator, will publish a consultative document on BT's prices in January, only a month after the government's sale of a 25bn (\$3.6bn) stake in the company.  
News of the document's timing, revealed in a statement yesterday, angered large investors who are concerned that they could buy shares only to find that BT's prices and profits are then subjected to tighter regulation. Institutional shareholders described the timing as "appealing", "wrong" and "unsatisfactory".  
Mr Patrick Wellington, a stockbroker at County NatWest, asked: "If OfTel can put out a consultative document in January, why can it not put one in late November?"  
Investors said the threat of a price review would overhang the sale without them knowing its exact shape. The document's timing is earlier than expected.  
Sir Bryan Carsberg, OfTel's director general, also said in yesterday's statement that he had not decided whether to refer BT's prices to the Monopolies and Mergers Commission. A senior OfTel official recently said that BT would probably be referred to the MMC.  
Sir Bryan said: "I would not wish to come to any conclusion about a new price control before listening to the views and comments that will be expressed during the consultative process."  
"In these circumstances any question of a Monopolies and Mergers Commission reference would not arise until after the consultative process."  
OfTel said work had already begun on the document but not on "the guts of it". A spokesman said that the purpose of price control was to provide a "tough regime" for BT. To say more now would make a "hoax" of the consultative process.  
BT's share price fell 8p to 359p in response to further uncertainty about regulation, continuing a steep slide from a peak of 423p a month ago.  
The government's stockbrokers - led by S.G. Warburg - are considering whether to revise their profit estimates for BT following the publication of lower-than-expected earnings last week. The brokers are not legally allowed to change their forecasts.  
Government financial advisors believe OfTel's statement was "helpful" because it has clarified the procedures which will be adopted during next year's price review.  
Sir Bryan said that a new price control, due to come into effect in July 1993, could either be agreed with BT or imposed on it following an MMC reference.

## Roland Rudd on prospects for GPA, the world's biggest aircraft leasing company Flying a high-risk business in recession

When Dr Tony Ryan, Guinness Peat Aviation's founder, decided to seek a public flotation for his aircraft leasing company - the biggest in the world - he received a cautious response from Sir David Scholey, chairman of S.G. Warburg.  
The merchant bank explained that while it was happy to form a relationship with GPA, it could not be certain a flotation was appropriate until it knew the company better.  
GPA was disappointed: it has an unbroken record of annual pre-tax profits, rising from \$71m in 1987 to \$281m for the year to March 1991. Many of its executive directors could not understand Warburg's hesitancy to advise them on their flotation.  
The decision to go public - which it still hopes to do next summer based on its optimistic outlook for the industry - has been approved by their non-executive directors.  
These include Mr Nigel Lawson, the former UK chancellor, who chairs the group's audit committee and scrutinises GPA's accounts, and Sir John Harvey-Jones, former ICI chairman.  
Warburg's decision not to become involved in the flotation illustrates the gulf between the pessimists and the optimists. Some GPA directors think "the Brits" simply cannot believe anything big and profitable could come out of Ireland.  
Other directors put the problem down to the public's perception of "leasing" and "airlines". Both are considered high-risk businesses during a recession.  
The latter is probably closer to the truth.  
GPA's phenomenal growth, particularly marked between 1987 and 1991, was based on the enormous demand for aircraft financing prompted by the growth of the airline industry.  
The Gulf war and the worldwide recession put an end to that growth. The US airlines, for example, turned cumulative earnings of around \$2.3bn between 1988-90 into a \$6bn-plus loss in 1990.  
GPA would face difficulties if airlines started to default on firm orders. Mr Jean Pierson, chairman of Airbus Industrie, the European aircraft manufacturing consortium, is worried by the immediate implications of the crisis engulfing the industry.  
"I see a big hole in new aircraft orders next year," he said, adding that even so-called "strong" airlines such as American and Delta were deferring decisions on new aircraft orders.  
GPA's orders and options account for half the aircraft orders of the whole leasing business.  
It decided to go public partly because some of its shareholders - including Mitsubishi Trust and Banking, the Long-term Credit Bank of Japan, General Electric Capital, Salomon Brothers and Allied Irish Banks - wanted to realise the value of their shares.  
GPA's sceptics believe a flotation could become a necessity to

## The Gulf war and worldwide recession put an end to growth in the industry

bolster its balance sheet if the leasing activity is affected by the recession and it becomes harder for GPA to sell aircraft leases to investors.  
The group's capital commitments from next January to the year 2000 run to firm orders of \$1.9bn and further \$9.2bn of non-binding commitments. These are significant sums compared with the group's financial resources.  
It has drawn \$2.8bn of its \$7bn credit facilities, and has a further \$1bn of off-balance sheet debt. It is also planning to raise at least another \$250m from a US bond issue in December. Against this it has \$1.1bn of equity.  
However, Mr Maurice Foley, GPA's president, denies GPA is under pressure to seek a public listing.  
It has not formally decided to go public.  
Mr Foley said that GPA could take comfort from the fact that there was still a big demand for modern aircraft fleet planes - the bulk of GPA's orders.  
The group predicts 650 aircraft will be needed annually over the next 10 years. Furthermore, Mr Foley said, bearish predictions



## Nissan to buy its French importer

By William Dawkins in Paris  
THE FRENCH Government yesterday gave approval for Nissan Motor, the leading Japanese car group in Europe, to buy its French importer and distributor for FF7661m (\$149.5m).  
The green light from Mr Pierre Bérégovoy, the finance minister, is evidence of the economic liberalism in parts of the French government, in spite of the anti-Japanese rhetoric of Mrs Edith Cresson, the prime minister.  
Richard Nissan is the largest Japanese car dealer in France. Its founder, Mr Jean-Pierre Richard, who has been importing Nissans since 1971, recently retired.  
In 1990 it sold 25,707 cars, imported from Japan and Britain, in France. This represented just over 1 per cent of the French market. The company expects to sell 33,500 cars this year.  
Nissan said it would "respect the spirit and the objectives" of an agreement between the EC and Japan last August to scrap car import quotas from January 1993. These will be replaced by a transitional European limit to be phased out by the end of 1999.  
Peugeot, France's largest car-maker, has criticised the government for supporting the agreement, which it believes gives too much away. France limits direct Japanese imports to 3 per cent, but imposes no official quota on Japanese cars made in Europe.  
The Nissan deal comes at a time when the government is considering a further relaxation of the few remaining curbs on foreign investment in France.  
The main restriction since foreign investment rules were streamlined two years ago obliges non-EC companies to seek government clearance for acquisitions of French businesses, as did Nissan last month.  
If the government does not block such a deal within a month, it gets automatic clearance. A further relaxation of the rules is under review, but it is not yet known when a decision will be made, said a finance ministry official.  
Nissan already owns 9.55 per cent of Richard Nissan and had asked for clearance to buy the 72.09 per cent held by the family. Under French stock market regulations, it has offered to buy out the remaining minority shareholders at the same price, FF1,253 per share.  
In contrast, in Britain, Nissan is setting up its own dealership after a row with its independent importer. Nissan already controls its dealers in Germany, Italy, Spain, the Netherlands and Switzerland.



Ultramar's Jean Gaulin, chief executive officer, and Peter Raven, chief financial officer: building up defences

## Ultramar seeks anti-Lasmo ally

By Deborah Hargreaves in London  
ULTRAMAR, the diversified oil and gas company, wants an oil-producing country to take an interest in its Quebec refinery as part of its defence against the £1.15bn (\$2.03bn) bid from Lasmo, the UK exploration company.  
Mr Jean Gaulin, chief executive, said yesterday: "We want to bring more stability into our downstream earnings and Opec countries are looking for outlets for their crude. It is a possibility that we could forge an alliance."  
Even so, Mr Gaulin is wary of putting off possible partners and his hopes were not included in the company's defence document released yesterday.  
Ultramar is basing its defence against what it describes as Lasmo's "desertory offer" on the long-term strength of its assets and a commitment to bring its level of gearing down to below 50 per cent in the "near term". The company's current debt is \$285m and its gearing is 83 per cent.  
Mr Fergus Macleod, oil analyst at County NatWest, said: "This is an opening salvo concentrating on strategy, but most shareholders want to see an estimate of asset value and hear how the company will ensure this is reflected in the share price."  
Ultramar's shares have underperformed the oil and gas sector by 22 per cent this year, but Lasmo's shares have not performed well either. The defence document pointed out that Lasmo's shares have underperformed Ultramar's by 16 per cent in the past year.  
Mr Chris Greentree, Lasmo's chairman, called this a selective comparison: "Our whole pitch is about unlocking value by splitting the company up and they refuse to do that," he said.  
Lasmo shares slipped yesterday from 315p to 311p and Ultramar's share price rose 3p to 340p.  
Ultramar has defended the structure of the company even though many institutional shareholders believe that eventually it will be forced to break its assets apart in order to provide value.  
Mr Peter Raven, finance director, said: "We are happy with the structure of the company in its present form. The businesses do support each other, if not directly on an operational basis, but they do support each other financially."  
Ultramar now has to raise around \$350m to reduce its gearing below 50 per cent. It plans to do this, partly by selling off some of its shipping interests and land in California, which should net £100m. It also plans to divest non-core assets such as some exploration acreage which could bring in another £100m. But this leaves it with £100m to £150m that it must raise from its core assets. Lex, Page 20

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## INTERNATIONAL COMPANIES AND FINANCE

## German banks upset by state's reform proposals

By David Waller in Frankfurt

GERMAN BANKS yesterday expressed concern about the Bonn government's latest proposal for reform of their capital requirements. Bonn has made concessions on the treatment of unrealised gains but has toughened up the definition of what constitutes "core capital", a key measure of bank strength.

The banks, the government and the Bundesbank have been locked in negotiations for some years over the way in which German banking law should be modified to reflect EC legislation which must be adopted by 1993. The deadline seems set to continue despite elements of compromise in the legislators' latest position.

German banks have sizeable portfolios of unquoted investments and have long argued that unrealised gains should be counted towards the definition of capital. Germany's regulators have traditionally been opposed to this, but last week

they changed their minds. It is understood that the Finance Ministry is prepared to allow banks to include a proportion of unrealised gains as "Tier 2" capital, which in Germany has up to now comprised items such as subordinated bonds and participation certificates rather than straightforward equity which counts as "Tier 1".

However, Bonn is insisting that banks cannot count unrealised gains unless their Tier 1 or core capital - which includes issued shares, share premium account and retained earnings - amounts to 5 per cent of what is known as "risk-weighted assets" (RWA) according to the EC Own Funds and Solvency Ratio Directives.

The minimum requirement for Tier 1 capital under the directives is 4 per cent of RWA. Bankers complained yesterday that the new proposals made it, in effect, mandatory for Ger-

man banks to have 5 per cent Tier 1, that is if they were allowed to take advantage of the rules allowing them to recognise some of the value locked up in unrealised gains. "This development is not positive for us," said a spokesman for the Federation of German Bankers yesterday. "We believe that a 5 per cent requirement would put us at a competitive disadvantage to other banks in the EC which only comply with the 4 per cent minimum."

"The proposed rules discriminate against German banks," said Mr Peter Pletsch of Commerzbank, Germany's third largest bank. "German banks ought to be subject to the same conditions as their competitors."

The Finance Ministry would not comment on the proposals yesterday, and commentators were stressing that the leaked plans were far from the last word on this subject.

## Solvay sets Bernburg team a challenge

SOLVAY'S soda ash plant in Bernburg, south of Leipzig, looks like most film-makers' romantic ideal of a factory: cavernous hangars full of oiled and roaring machines, apparently functioning without maintenance or supervision, the whole process cooled by huge coils of dripping, salt-encrusted piping.

East Germany's Communist regime, which managed Bernburg until the collapse of the Berlin wall, installed the roaring machines when it took over the plant in 1952, succeeding the Nazis and the Soviet military. At around the same time, Solvay's soda ash plants west of the Iron Curtain were throwing out their equivalent machinery for ever.

"Nowadays," says one unromantic technician from the Belgian chemical group's west German operations, "the same process could be achieved more efficiently by a machine this big." He indicates a space the size of two large coffins.

Sentiment was not the main reason why Solvay decided to reclaim Bernburg, once its largest factory, after the Communist regime collapsed in 1989. Baron Daniel Janssen, the Belgian company's patriarch, admits it was a factor, but he adds: "If it hadn't been profitable we would have put sentiment right back in our pockets."

The plant was formally recovered from the Treuhänder - which manages east Ger-

many's former state-owned enterprises - at the beginning of last September, after almost a year of hard negotiations. Unlike other western groups negotiating with the Treuhänder, Solvay did not want to buy a plant which, in theory at least, it still owned. In addition, the Belgian company wanted to

work with the group's technical department in Brussels and Germany. According to Baron Janssen, the west European managers bring with them the "new know-how" needed to modernise a plant which is technologically at least two decades out of date.

Solvay aims to plough some DM200m (\$118.3m) into the plant over the next five years. That should help increase the plant's annual output from 350,000 tonnes of soda ash or sodium carbonate - which is used in the production of glass, detergent, soap, adhesives and paint - to 500,000 tonnes. The investment will also go towards modernising the plant and, in particular, converting units to produce dense soda ash, as opposed to the lower quality light soda ash currently manufactured.

But the commercial and social challenges for the Bernburg team are still great, despite optimism about the revival of a plant which, by all accounts, would have had to close down without Solvay's support.

Solvay's projected increase in production, for example, is dependent on a rise in demand in eastern Europe, building on a client base which already

exists. Solvay hopes that its strong position in the world soda ash market - it is the largest producer of the commodity - will allow the group to add new customers to Bernburg's list, and western European companies, such as the French glassmaker Saint-Gobain, are already setting up

town between those who kept their jobs at the factory and those made redundant, and adds: "There are some families where the women lost their jobs, not just here but in the salt and cement factories as well."

The return of the ancient regime has been welcomed by the Bernburg authorities, however, and the mood at the plant itself is good, according to Mr Killmann.

Mr Schmelz adds that the Bernburg employees have a "sense of responsibility, initiative and good skills", which confounds reports of east German workers' lack of training and motivation.

The staff have good reason to be enthusiastic. Not only have they retained their jobs, but they stand to receive a substantial wage increase over the coming years if they can match their productivity to that of their west German counterparts.

At the moment, the Bernburg salary bill is half that of a comparable soda ash plant in the west, even after a recent pay rise.

What is more, if the Bernburg employees prove themselves, then there are indications that Solvay's historic interest in the region may bear further fruit: the Belgian company now wants to build a new hydrogen peroxide plant in eastern Europe and Bernburg is one of the two candidates.

## Andrew Hill reports on the Belgian group's plans for its reclaimed east German plant

recover all the assets in its 1939 books, including, for example, salt reserves - essential for the soda ash process - which the Nazis and Communists had mined out. That delayed the transfer of the plant, but Baron Janssen now reckons that Bernburg will break even for the last four months of 1991 and probably contribute a small profit to the group next year.

Baron Janssen is scathing about old east German Communist management. "We don't spend one minute or one Deutschmark investing in a country with a Communist regime," he says. "But on the ground in Bernburg, Solvay has retained as many of the existing team as possible."

The group has also brought in a dozen managers from its Belgian and west German operations, headed by Mr Joachim Schmelz, who had

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## Jardine Insurance Brokers float three times subscribed

By Richard Lapper

INVESTORS have responded positively to the flotation of Jardine Insurance Brokers, over-subscribing the offer by more than three times.

Jardine Matheson, the Hong Kong-based trading group, which will retain a majority interest in JIB, sold off 32.3 per cent of its insurance broking subsidiary.

The shares are expected to open at a premium to the offer price of 195p when dealing begins on Thursday. "The shares are relatively cheap compared to the rest of the sector," said one analyst. "A 10 per cent premium is not out of bounds."

Robert Fleming, the merchant banker which advised JIB on the deal, received applications for 71.5m shares, but only 16.5m shares are on offer to the public. A further 15.5m have been placed with institutions, and JIB's employees have been allocated 799,340 shares.

The response to the share offer, the biggest UK one since the Mirror Newspaper Group offer earlier this year, is further evidence of the popularity of the small and medium companies in the insurance broking sector.

In contrast to the problems of the UK's composite insurers, which are beset by losses from mortgage indemnity and subordination, smaller brokers are benefitting from rate increases in London for commercial insurance and reinsurance markets.

Jardine, like Lowndes Lambert, another broker which was floated in July, is an active player in the marine market where rate increases have been particularly strong.

Lowndes Lambert shares, offered at 250p in July, have shown healthy growth in the last three months and were yesterday trading at 350p.

Other brokers, including Hogg, Steel, Burrill Jones and Lloyd Thompson have

all reported impressive profit growth this year.

Small investors will do well from the offer. Robert Fleming announced yesterday that it was meeting applications for up to and including 1,000 shares in full.

Applications for shares over this amount are to be allocated as follows: applicants for between 1,000 and 2,000 shares (inclusive) will receive 1,000 shares; applicants for between 2,000 and 5,000 shares will receive 2,000 shares; applicants for between 5,000 and 10,000 shares will receive 5,000 shares; applicants for between 10,000 and 20,000 shares will receive 10,000 shares; applicants for between 20,000 and 50,000 shares will receive 15 per cent of the shares applied for; applicants for over 50,000 shares will receive 100,000.

SE Banken to decide today on Skandia 28% share option

THE FUTURE of the 28.2 per cent share option held by Skandinaviska Enskilda Banken, Sweden's largest bank, in Skandia, the Swedish insurance company, will be decided today at a specially called meeting of the bank's board, writes Robert Taylor in Stockholm.

Skandia has fought a strong rearguard action against SE Banken since the SKR4.7bn (\$776m) option was first acquired last October. This fuelled speculation that SE Banken wanted to form a huge bank and insurance conglomerate in the Nordic region.

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## COMPANY NEWS IN BRIEF

claw back some of the sales lost during the Gulf crisis, Reuters reports from Paris.

Sales dropped 3.9 per cent from FF15.3bn to FF14.7bn (\$2.56bn) during the first nine months of this year compared with the previous corresponding half. After the first six months, sales were down 6.1 per cent.

BSN expands its sauce brands

BSN, the leading French food group, has increased its collection of sauce brands with the acquisition of Amoy Industries International, the Hong Kong based maker of soy sauce, writes William Dawkins in Paris.

BSN bought Amoy, jointly owned by Pillsbury, the US food subsidiary of Grand Metropolitan, with Hang Lung, a Hong Kong group, for an undisclosed price.

Business improves at Valeo

VALEO, the French car components maker, said that business has improved since the second quarter, allowing it to

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"There are differences about the direction in which the Carnegie group should be built up," he added. Mr Bertmar will take over responsibility for the London office until further notice.

The three men concerned are Carnegie International's managing director, Mr Christopher Bouckley, his deputy, Mr Jeremy Rowlands, and Mr Barry Adams, head of the company's analysis group.

Swedish broker dismisses three

CARNEGIE Fondkommission, Sweden's largest brokerage house and a subsidiary of state-controlled Nordbanken, said last night that its three senior managers in the group's Carnegie International operation in London had been dismissed after a difference of view about future strategy, writes Robert Taylor.

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## SAFRA REPUBLIC HOLDINGS SA

LUXEMBOURG

Consolidated Statements of Condition

September 30, 1991 1990

(In thousands of US\$ except per share data)

Assets	1991	1990	Liabilities and Shareholders' Equity	1991	1990
Cash and due from banks	\$ 80,832	\$ 62,850	Client deposits	\$5,991,428	\$5,587,160
Interest bearing deposits with banks	3,487,809	3,196,167	Bank deposits	949,202	914,339
Precious metals	676	2,339	Total deposits	6,939,630	6,501,499
Investment securities	3,767,540	3,175,550	Short-term borrowings	645,117	240,524
Trading account securities	6,556	15,032	Accrued interest payable	86,832	101,356
Loans, net of unearned income	1,240,837	1,311,742	Other liabilities	52,440	31,463
Allowance for possible loan losses	(12,447)	(8,983)	Long term debt	40,589	69,027
Loans (net)	1,228,190	1,302,759	Shareholders' Equity		
Premises and equipment	48,284	52,139	Common stock	89,155	89,155
Accrued interest receivable	112,275	142,234	Surplus	819,588	819,578
Other assets	90,855	16,394	Retained earnings	151,162	112,862
Total assets	\$8,823,117	\$7,965,554	Less shares held in treasury	(1,396)	-
			Total shareholders' equity	1,058,509	1,021,595
			Total liabilities and shareholders' equity	\$8,823,117	\$7,965,554

Summary of Results (in thousands of US\$ except per share data)

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## INTERNATIONAL COMPANIES AND FINANCE

## Warning on profits as CSR cuts dividend

By Kevin Brown in Sydney

CSR, the Australian sugar and building products group, yesterday cut its interim dividend to 10 cents from 16 cents last year and warned that full-year profits might not reach the downgraded level announced in September.

The board warned five weeks ago that profits would fall to "somewhere in the vicinity of A\$200m" (US\$156.3m) from A\$326m a year ago. The group had earlier forecast a drop to A\$275m.

In the year's third profit downgrade, Mr Ian Burgess, CSR managing director, said the company's four business groups - US and Australian building and construction materials, sugar and aluminium - remained depressed.

"CSR's worst projections for sugar and aluminium have been realised. Also, there is no sign of recovery for our building and construction materials businesses in either Australia or the United States, and strong competition exists in all markets," he said.

The profit forecast for the year "continues to come under pressure," he said. But the group did not issue a revised profit forecast.

CSR said it was announcing its interim dividend before the interim result, due on November 25, to ensure that shareholders would receive payments before the Christmas holidays. The group cut last year's annual dividend 8 cents to 32 cents.

It said results for the first half were expected to follow the normal pattern of being a little higher than the second half because of the cyclical nature of some of the group's businesses.

The group also said it was improving productivity and expected to reap "significant rewards" from economic recovery in Australia and the US, its two main markets.

In the short-term, however, sugar profits were expected to fall 60 per cent from last year's level of A\$86m as a result of floods and drought during the growing season. Production is expected to fall 17 per cent to 7m tonnes.

CSR said aluminium prices were at their lowest since January 1987 and were expected to average about 20 per cent less than last year. The division made A\$34m last year, but was expected to achieve "little better than breakeven".

The Australian building and construction business was not expected to match last year's profits of A\$145m, but the group gave no indication of the likely extent of the decline. There was some confidence that the worst of the decline had passed.

The US construction materials division was benefiting from modest signs of recovery from depressed conditions but results would be "significantly down" on last year's A\$35m.

## AMP integrates subsidiary assets into new group

The Australian Mutual Provident Society (AMP) is pooling the assets of its subsidiary companies to manage them as an integrated London group, writes Norma Cohen, Investment Correspondent.

The company has more than £13bn (£22.4bn) in funds under management, comprising the assets of Pearl Assurance and London Life, in addition to the international business of AMP in Australia and New Zealand.

Of these funds, £6.5bn is invested in UK shares. Another £2.8bn is in UK fixed interest securities, £2.3bn in international shares and bonds and £1.7bn in property.

AMP's asset management intends to eventually become a manager of funds for pension funds and other clients.

**MFC**  
Mortgage Funding Corporation No.4 PLC  
(Incorporated in England and Wales with limited liability under registered number 2133465)

**Dual-Class**  
Mortgage Backed Floating Rate Notes Due 2035

Class A-1 £100,000,000

Class A-2 £100,000,000

For the interest period 31st October, 1991 to 31st January, 1992 the Class A-1 notes will bear interest at 10.85% per annum. Interest payable on 31st January, 1992 will amount to £2,727.32 per £100,000 note. The Class A-2 notes will bear interest at 11.05% per annum. Interest payable on 31st January, 1992 will amount to £2,777.60 per £100,000 note.

Bankers Trust Company, London Agent Bank

## Spectacular life sales set to slow

John Ridding finds competition looming in South Korea's market

OF ALL South Korea's rapidly-growing industries, few have matched the life insurance sector's rate of expansion.

In the two years from April 1989, total written premiums almost doubled to Won20,200bn (\$26.9bn), making South Korea one of the world's 10 leading life insurance markets. Double-digit premium growth is expected again in the current fiscal year.

However, the effortless expansion of the industry, and in particular the six big companies which dominate it, is running into more turbulent times.

The government's policies of financial liberalisation are bringing competition from within and without the industry. While financial reform will also bring new opportunities, life insurance companies will have to start changing if they want to stay ahead.

Mr C.K. Shin, president of Coryo-CM, a 50-50 joint venture between Korea's Coryo Group and Clerical Medical of the UK, says: "The new era in Korean insurance starts from now. There will be a shake-up in the insurance market."

The challenges facing the industry spring from two sources of competition. On the one hand, the Korean life insurance market has seen a number of new entrants. Since 1987, 14 new Korean companies and 12 foreign companies have set up shop in Seoul.

New entrants have not yet made a significant dent in the market share of the six industry leaders which still enjoy more than 80 per cent of the total business. But there is little doubt that competition has intensified.

Mr Stanley Smith, vice-presi-

dent of Samshin Allstate, a 50-50 joint venture between the US Allstate group and its Korean partner, says: "The new Korean companies have been very aggressive in their attempts to win market share. He argues that profitability has often been a secondary consideration in the new companies' strategies."

Competition has been most evident in the fight for door-to-door salesmen and women through whom the overwhelming majority of Korean life insurance policies are written.

Mr Han Jung Kil, director general of the insurance bureau at the Ministry of Finance, says: "The situation became so severe that the market was becoming seriously disrupted."

The solution is somewhat bizarre. According to Mr Han, the various life insurance companies reached a gentlemen's agreement - doubtless under pressure from the Big Six and the Ministry of Finance - that requires any company seeking to hire sales people from a rival company to obtain the latter's permission.

So far, the agreement seems to be holding. But for new companies hoping to enter the market, the disadvantages are obvious.

In the longer term, however, it is competition from outside the industry which would appear to pose a greater threat to the success of the life insurance companies.

In particular, the deregulation of interest rates, the cornerstone of the government's policy of financial deregulation, will enable Korea's commercial banks to tempt life insurance policyholders

## KOREAN LIFE ASSURANCE

	Won (bn)
Samsung Life	5,017
Daeheon Kyoyuk	2,816
Daeheon	2,879
Hanjin	1,285
Choll	1,246
Dong Ah	933

\*Top six companies by annual premium income to March 31 1991

with more attractive interest rates. "Competition with other financial institutions will become intensified," says Mr Han. "The life companies will be at a disadvantage because they have to maintain a large sales force and their cost of sales is therefore very high."

Despite these adverse trends, the life insurance companies believe they are up to the challenge. Mr Kim Mahn Jee, chairman of Samsung Life, the largest of the companies with annual premiums of more than \$5bn, says: "Our hands are not tied. With deregulation we will be able to offer new products and offer better rates of return."

This sentiment is echoed by the foreign companies operating in Seoul. Mr John Ferguson, executive vice-president of Coryo-CM, says: "We have a whole range of products sitting on the shelves back in the UK. We should be able to stay one step ahead."

But staying ahead is not just a question of whether the government will allow new products. Just as important is whether the products are accepted by the market.

In Korea, life insurance is still bought predominantly as a means of savings rather than as a means of protection. "Our most popular products are sim-

ple annuities," says Mr Ferguson, who adds that persistence of policies is also much lower than in other insurance markets.

Given that the expertise, and hence competitive advantage, of the insurance companies lies in selling assurance and protection products as opposed to savings instruments, the critical question is whether the perception of insurance in Korea will change.

Industry participants believe it will, but slowly. "Koreans living in the US buy insurance policies for insurance," says Mr Smith. "As the domestic economy continues to develop, so will the need and awareness to protect assets and livelihoods against risk." But he admits the process will be gradual.

To accelerate the process, and in preparation for eased ministry regulations, many of the companies are attempting to introduce more professional sales forces who can explain to customers the benefits of new products.

Samshin Allstate, for example, is sending its sales team leaders to the US for training, a strategy pursued by many other of the foreign or joint venture companies.

The prize awaiting assurance companies as the idea of insurance becomes better understood is great. Only 36 per cent of households have life insurance policies, compared with 92 per cent in Japan and 81 per cent in the US.

"There is a huge iceberg beneath the water," says Coryo-CM's Mr Shin. "Our task is to break into it and realise the potential."



This announcement appears as a matter of information only.

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effective

November 5, 1991

under the symbol

AEG

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## Bayerische Landesbank Bulletin

MONEY AND CAPITAL MARKETS REPORT - OCTOBER 1991

## EASING US RATES SQUEEZE GERMAN BOND YIELDS

Despite fears of a major runup in interest rates, which have surfaced repeatedly in the past few months, yields have actually fallen in the wake of easing US rates. This has confirmed the assumption that the German bond market is, after all, in a more robust state of health than some observers believe.

After the Central Bank Council's most recent interest-rate action in mid-August, which seemed bound to push up yields, bond yields actually dropped. This unexpected reaction was, however, partly the result of a change in the international environment. An important change was the shift in exchange rates. The US dollar, the high-flyer of the first half of 1991, began to stumble. Confounding the optimists, who had predicted a rise to new highs, the dollar started to descend. The greenback, whose middle rate rose to almost DM 1.84 in early July, is down some 8 per cent against the D-mark. The dollar has thus given up one-quarter of its gain since the beginning of the year, when it traded at DM 1.49. This shows once again that the exchange rate is the most sensitive barometer of the state of an economy. A sustained weakness in growth will cause a currency to depreciate, while a humming economy usually has the opposite effect. The D-mark and the yen are cases in point: Germany and Japan rank far above the other leading industrial countries in terms of GNP growth. The United States and other countries, notably Britain, will probably have to reduce their interest rates still further, which will inevitably have an impact on their currencies.

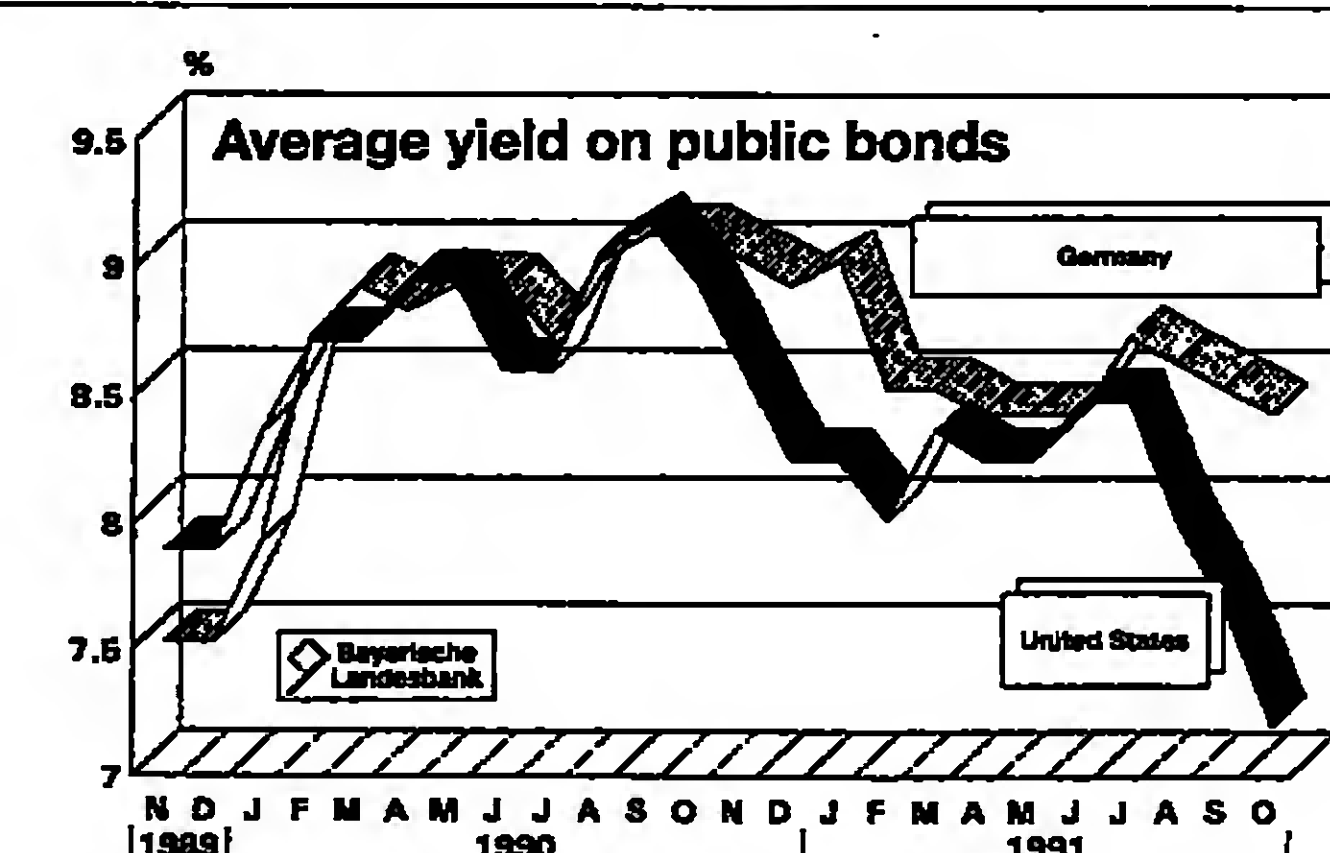
level, on August 15th, the yield on ten-year public bonds dropped from almost 9 per cent to 8.3 per cent. The last time the discount rate was at 7.5 per cent was in the early 1980s and in 1970 (though only for four months), and the Lombard rate exceeded the current level only during the 1980/81 phase of high interest rates.

There is hardly any room for further restrictive action, particularly in view of the impact that the Fed's latest rate cuts, prompted by the desire to energise the upswing, has had on the international financial markets.

The international round of interest-rate cuts is probably not yet over. The tenuous state of the US economy, as evidenced by the latest figures on new orders and capacity utilisation, continues to call for monetary ease. The need to avoid deflation (M2 has recently been expanding at a rate of only 2.3 per cent compared to the previous year), which would nip an upswing in the bud, is forcing the Fed to keep a loose rein on credit.

The current interest-rate level is also due to the fact that the Bundesbank is expected to relax its monetary policy by the end of

next year, possibly sooner. This expectation is based on the current rate of money-supply growth, which remains at the lower end of the target range for 1991 (narrowed to 3 to 5 per cent) and the pace of the economy, which has already lost some momentum in the second half of the year and is likely to slow down still further in 1992.



**Rates Expected to Ease Over the Medium Term**  
The interest premium has increased the attractiveness of D-mark bonds relative to US government securities. The premium, at last reading, was 0.9 percentage points. This has stirred foreign buying interest. In July, foreigners accounted for no less than 35 per cent of total net purchases of domestic bonds. The sharp cuts in US interest rates were prompted by the still-slimy pace of the recovery in the United States. The Fed has reduced the discount rate in four steps (from 7 per cent to 5 per cent) since last December. The ten-year government bond yield in the United States, still as high as 8.9 per cent a year ago, has fallen to some 7.4 per cent, its lowest level since March 1987. German rates have dropped at a slower pace: At mid-October, the average public bond yield was only 0.7 per cent lower than a year earlier. In both the United States and Germany, capital-market rates are expected to ease over the medium term.

## Rothmans rises 25% to M\$170m

ROTHMANS of Pall Mall (Malaysia), a subsidiary of Rothmans International, the UK tobacco group, reported a 25 per cent rise in group pre-tax profit for the six months to the end of September to M\$170m against US\$137m last time, AP-DJ reports from Kuala Lumpur.

The company said: "Increases in group turnover and pre-tax operating profits reflect continuing growth in demand for the group's products. Higher investment income, together with effective cost control, has further improved operating profit."

Barring unforeseen circumstances, profits for the second half-year are expected to continue at a satisfactory level."

## D-mark bottoms out

The shifts in the currency markets - the D-mark bottomed out as early as some weeks ago - revived investor interest in German bonds, causing foreigners to return to the market. Foreign buying interest should have a stimulating effect on the market, at least as long as the D-mark has room to go higher - a prospect that gives DM bonds an additional appeal, apart from the attractive yield. The other factors affecting the German market, for example the inflation rate and the threat of further monetary tightening by the Bundesbank, play a much smaller role by comparison. Although Frankfurt raised the key rates to 7.5 per cent (discount rate) and 9.25 per cent (Lombard rate), and thus practically to a record

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THE REDEMPTION PRICE of each Bond shall be 101.00% of the principal amount thereof (inclusive of the premium prescribed in the Trust Deed) together with accrued and unpaid interest of \$0.37 per \$1,000.00 of principal amount on each such Bond to the Redemption Date. Regular interest payments will be made for the period ending December 4, 1991.

THE REDEMPTION PRICE for the Bonds will be made upon presentation and surrender of the Bonds and all unexpired coupons pertaining thereto at the specified office of any of the following paying agents:

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England

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M5S 2A5

NBS Bank (Belgium) S.A./N.V.  
Rue de Ligne 1  
B-1000, Brussels  
Belgium

Redelbank S. A. Luxembourggoise  
43 Boulevard Royal  
2955 Luxembourg  
Grand Duchy of Luxembourg

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75440 Paris  
France

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## FT GUIDE TO WORLD CURRENCIES Every Tuesday in the FT

## INTERNATIONAL COMPANIES AND FINANCE

# Insurance funds expected to meet bid conditions

By Nikki Tait in New York

AMERICA'S state insurance guaranty funds, attempting to put together a watertight bid for Executive Life of California (ELIC), were expected to claim yesterday that their offer had met nine conditions demanded by the California Insurance Department. In the process of trying to satisfy the department, the guaranty funds are believed to have enlisted \$1bn of funding from the US life industry.

Given that the funds have never taken over a failed insurance company before - and that there are rival bidders for ELIC - any announcement is likely to be subject to intense scrutiny.

ELIC is a large, Los Angeles-based insurance company, which was seized by the California Insurance Department last April after a policyholder-run threatened its financial stability. ELIC owns a multi-billion dollar portfolio of junk bonds, having been a large customer of Drexel Burnham Lambert, and has hundreds of thousands of policyholders.

Last spring, the California Insurance Department put the business up for auction. A number of proposals were received and, on October 24, California's Insurance Commissioner agreed to back an initiative from the guaranty funds - made through their

umbrella organisation, the National Organisation of Life and Health Insurance Guaranty Associations (NOLHA) - provided they could meet nine conditions by November 4. These conditions centred on ensuring that the NOLHA offer was secure. The first requirement, for example, involved establishing the legal right of guaranty associations to operate an insurance company.

Since then, the life insurance industry has been in discussions with NOLHA over how it might support the initiative. NOLHA's bid is taking the insurance industry's guarantee system into uncharted waters: the normal purpose of the guaranty funds is to help make good the losses suffered by policyholders when an insurance company in its state goes bust. This is done by tapping other solvent insurers in the same state retroactively. As a result, the funds do not control a "pool" of money and lack extensive management resources.

There is, however, good reason for the industry to aid the bid. Whatever the outcome of the ELIC auction, the guaranty funds will have to make good some of ELIC policyholder losses, and NOLHA has argued that its suggested solution would save the industry some money.

# Failed S&Ls produce a problem set in concrete

George Graham on RTC's attempts to realise assets

LOOKING south from his 17th-floor office towards the huge, shiny Lego-land of downtown Dallas, Mr Jim Messec can see his problems in concrete form.

Mr Messec is the Dallas-Fort Worth area director of Resolution Trust Corporation (RTC), the US federal agency set up in 1989 to handle a wave of failed savings and loan organisations, and on the Dallas skyline he can see a sample of the foreclosed buildings that his agency has inherited from them. "If it doesn't have a problem, we don't own it," he says.

Nationwide, the RTC has in two years of existence taken over \$71 billion of savings banks with combined assets of over \$41bn. Some of it has been able to sell on to other banks or investors, usually after taking over the worst loans. For others, the only resolution has been to wind them down by paying off depositors and selling off assets.

RTC has ended up with huge portfolios of mortgages, property and consumer loans, as well as a mixed bag of foreclosed properties ranging from churches to paddle steamers. In Texas, where the savings and loan crisis struck earlier and harder than in many other parts of the country, it owns 50 to 60 per cent of most segments of the property market.

Many of the properties have been vandalised, and three-quarters have some kind of title dispute.

"When people get foreclosed on, they often get mad and smash up the place before they move out," says Mr Dennis Dorsey, president of Northcorp, a property company set up last year to specialise in managing assets for the RTC.

Mr John Shivers, president of Southwest Bank in Fort Worth, complains that many of the problems arise from the necessary foreclosures on families and businesses which were fully able to keep up payments on loans.

"They could collect their money if they would just go ahead and work with these people," he says.



William Taylor took over last month as head of RTC

Bankers also complain that the RTC accepts fire sale prices, depressing property valuations throughout the state and undermining their own property-backed loan books.

The RTC cannot win: if it sells low, it faces criticism for depressing the market; if it sells high, it is attacked as a bureaucratic monster which is too slow at its job.

Ms Carmen Sullivan, director of RTC's south-west region, agrees that her organisation is more bureaucratic than a private sector corporation.

"Because we are a federal agency and we work for the taxpayer, there is going to be more bureaucracy than in the private sector, but that is not necessarily bad," she says.

For larger properties, the RTC pitches its initial starting price at up to 20 per cent below appraisal value, dropping progressively the longer the property remains unsold. But RTC is now moving towards bulk sales in an effort to clear its books more rapidly.

"We are holding \$100bn in assets without a ready market. If we sold \$1m a day, it would take 300 years... We must sell large packages to large buyers," said Mr William Seidman, who headed RTC for its first two years of existence before handing over to Mr William Taylor last month. But RTC's efforts to sell these property packages have drawn criticism that it is giving too

favourable terms to the handful of investors involved.

The spotlight has always focused on the RTC's huge property portfolio, but this is only a small portion of the assets the agency must sell - a third of the total in Texas, and only 12 per cent nationwide.

Most of the assets are loans around half of them single-family mortgages - and by no means all are in default.

Competition for smaller packages of loans is keen, and bids often reach between 92 and 100 per cent of face value. There are fewer potential bidders for larger packages, but some have still sold for more than 80 cents in the dollar.

Nationwide, RTC has in two years sold \$187bn of the \$341bn assets it took over. So far this year it has averaged 94 per cent of book value on mortgages and loans and 85 per cent of book value on property

It may not be easy to keep up this pace, or to complete the sell-off by 1996, when Congress has decreed that the agency should be wound up.

"Let's be realistic, you are going to start by blowing the product out that's easiest to sell, then you are going to start getting into the tough stuff," says Mr Messec.

Nevertheless, RTC officials say these disposal numbers are evidence that they are getting the job done. "This is a huge, monstrous problem and I have been at it for 18 months now. We started with nothing, no systems, no people, and I think we've done a pretty damn good job," complains Mr Messec, most of whose career has been spent in the private sector as a consultant to banks with troubled loan portfolios.

Many of those who have worked with the RTC back Mr Messec on this. "We work with them on a business basis and they're as strong as any real estate company in America. It's real easy to find someone who can handle good real estate, but they can handle bad real estate," says Northcorp's Mr Dorsey.

# CanPac tumbles to C\$52m loss

By Robert Gibbins in Montreal

LOSSES by the big forest products subsidiary and heavy write-downs severely depressed Canadian Pacific's third-quarter and nine-month results.

The big resource and transportation group posted a loss of C\$61.8m (US\$46.3m), or 18 cents a share, for the third quarter after a \$310m special write-down covering its share of Laidlaw's revaluation of its ADT investment.

CanPac offset this write-down partly with a C\$42.5m gain on the sale of its forest

products subsidiary's tissue products business.

A year earlier, it reported overall profit of C\$74.3m, or 23 cents a share. Total third-quarter consolidated revenues were C\$2.49bn, against C\$2.59bn.

The first nine months showed a loss of C\$26.2m, or 8 cents a share, against profit of C\$252.1m, or 79 cents, on revenues of C\$7.5bn against C\$7.8bn. Real estate, hotels and transportation also showed weaker income.

Energy and telecommunica-

tions did better, while CP Rail hauled more grain while other commodities were lower.

Included was a loss of C\$103.5m from CanPac's 18.8 per cent equity interest in Laidlaw, against income of C\$20m a year earlier.

Laidlaw, an international waste management business, was severely affected by the North American recession.

CanPac warned that operating results will continue "disappointing until the economy gathers upward momentum".

## Carolco completes \$65m placement

By Karen Zagor in New York

CAROLCO Pictures, the US film production company which is strapped for cash in spite of its recent "Terminator 2" box office hit, has completed a private placement of \$65m in convertible securities. The funds will be used to repurchase Carolco's 14 per cent senior notes due 1993.

Mr Mario Kassar and Mr Peter Hoffman, respectively Carolco's chairman and chief executive, said: "We are very pleased to have completed this important step for Carolco in its long-term plan to deleverage its balance sheet, extend the maturities of its debt and reduce its interest costs."

## Anglo American to sell bulk of stake in Gencor

By Philip Gawth in Johannesburg

ANGLO American, South Africa's largest mining house, has announced that it will be selling by tender the bulk of its stake in Gencor, its largest competitor, in a deal likely to raise up to R200m (\$210m).

Anglo has not explained the reason for the deal, but Mr Tim Sewell, an executive director of UAL, the merchant bank handling the tender, said it was a repositioning of investments. At March 31, Anglo held a 5.3 per cent stake in Gencor, worth about R780m at current market prices. According to Mr Sewell, Anglo will be selling most of its stake.

One issue concerns the timing of Anglo's announcement. Last week, Gencor said it would be holding a rights issue early in 1992 to raise about R2bn. The two events may not be related, but if they are, Anglo's decision is not a very friendly one. The friendly view is that Anglo is selling now before the share price weakens because of the rights issue.

Although South Africa is a notoriously illiquid market, Gencor is fairly well traded. Given this, market speculation is that tender prices will be below the prevailing market price of R12.50.

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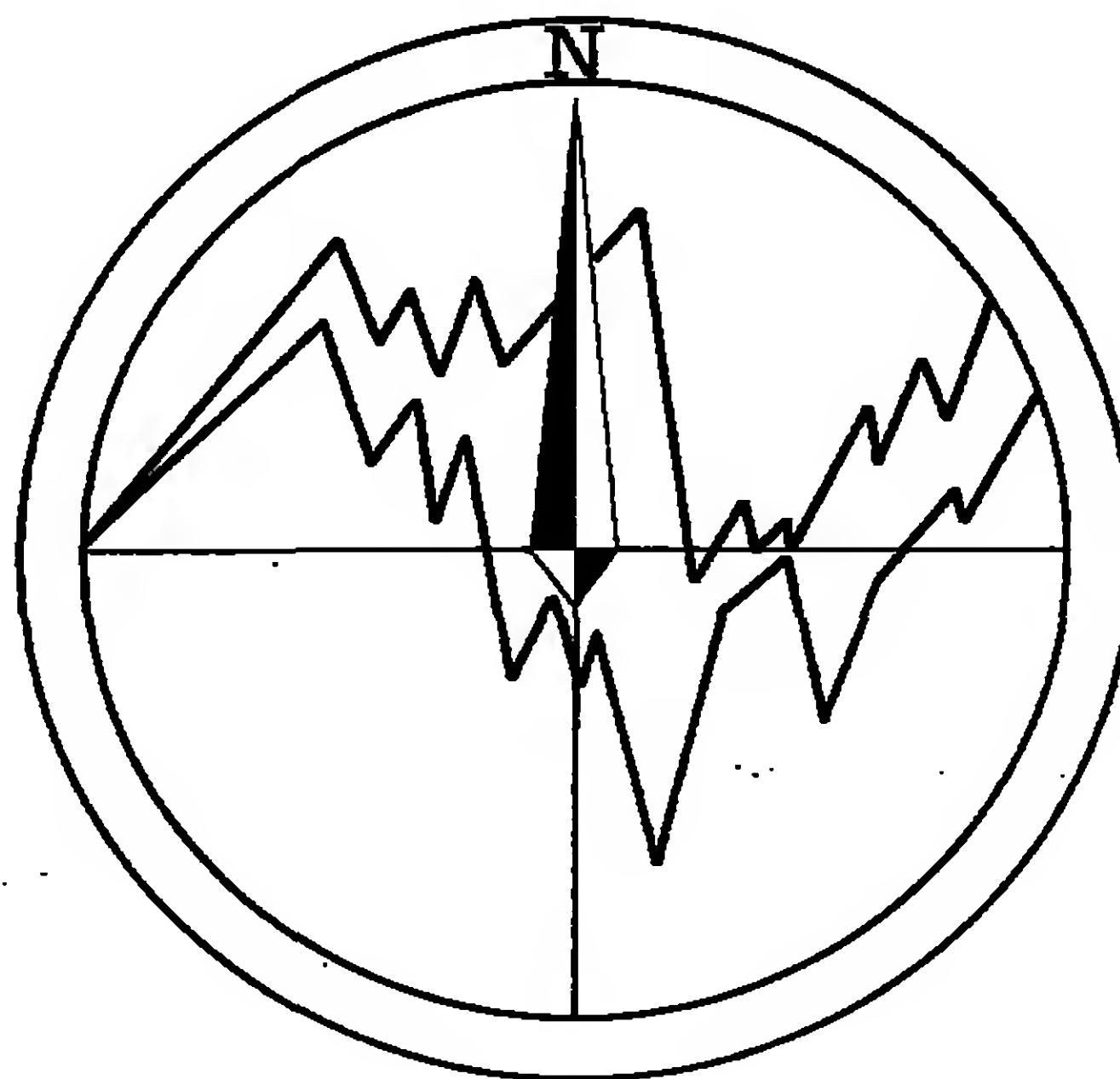
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# Dominion plans to develop Yakabindie nickel

**By Kevin Brown in Sydney**

Mr Anthony Robson, mining analyst at James Capel Australia, said the reluctance of Outokumpu and other resource companies to invest in the project raised doubts about its

viability at foreseeable nickel prices." I think this is a borderline project which Dominion cannot pursue on its own. I will believe it is going ahead when I see a potential partner indicating that it is willing to invest," said Mr Robson.

Yakabindie is an important element of an attempt by Dominion Mining to diversify into base metals. The company reported a net loss of A\$27m for the year to the end of June following a write-down of A\$51m in the value of its gold

By Sarita Kendal  
in Bogota

ALTHOUGH The Colombian government's recent exchange measures - including a revaluation of the peso - left most exporters gasping, private coffee companies have not. They said they will resume business after being granted a special reprieve. The National Coffee Fund will be used to cushion the impact of revaluation, or, if the grounds that a breakdown in the exchange would be more serious than the cost to the fund.

"The arrangement is very satisfactory," said Mr Gabriel Ross, manager of the national coffee company, which handles just over half of Colombia's foreign sales.

However, Colombian coffee growers have attacked the government for penalising exporters's efforts, and for weakening the fund. The fund, which was built up during the fat years, when coffee prices were high, in order to subsidise growers during the lean years.

The latest measures are expected to cost the fund an estimated \$10 million, particularly difficult moments with very low international

The latest measures are expected to cost the fund an extra US\$130m and come at a particularly difficult moment with very low international

prices and a record Colombian harvest of 14.5m to 15m bags (each of 60 kg).

The government has been trying to stem the influx of dollars since April, but exports (apart from coffee) continue to rise and high local interest rates are attracting foreign funds.

In June, 90-day exchange certificates were introduced to try to stem the conversion of dollars into pesos, and last week the Monetary Board extended the certificates from 90 days to 360 days: those wanting pesos urgently must take a discount rate of 12.5 per cent. Reserve requirements for banks have also been increased.

## Chicago

Previous	High/Low		SOYABEAN	
Nov	7205	7110		Clo
18	7225	7155		
4	7060	6980	Nov	5630
15	6930	6840	Jan	5770
10	6945	6825	Mar	5870
5	6810	6715	May	5840
15	6805	6705	Jul	5810
5	6625	6500	Aug	5910
10	6670	6505	Sep	5830
5	6650	6550	Jan	6020
US Galls, corn/US Galls				
Previous	High/Low		SOYABEAN	
82	24.05	23.86		Clo
82	23.75	23.43		
25	23.41	23.09	Dec	19 1/2
92	23.07	22.78	Jan	19 1/2
61	22.75	22.47	Mar	19 1/2
11	22.75	22.47	May	20 1/2
13	22.20	21.97	Jul	20 1/2
84	22.00	21.78	Aug	20 1/2
78	21.80	21.62	Sep	20 1/2
64	21.68	21.58	Oct	20 1/2
			Dec	21 0

Tonnages			SOYABEAN		
Crops			Crops		
Dec	1214	1193	Dec	195	195
Jan	1376	1255	Jan	178	178
Feb	1414	1394	Mar	181	181
Mar	1310	1394	Apr	178	178
Apr	1390	1352	May	178	178
May	1465	1405	Jun	181	181
Jun	0	0	Jul	178	178
Jul	0	0	Sep	178	178
Aug	0	0	Oct	181	181
Sep	0	0	Nov	181	181
Oct	0	0	Dec	MADE 5,000	5,000
Crops, lbs. cents/lbs			Crops		
Dec	30	79.15	Dec	251	251
Jan	35	82.40	Jan	269	269
Feb	35	85.75	Feb	269	269
Mar	36	88.10	Mar	270	270
Apr	35	91.10	Apr	269	269
May	35	91.10	May	269	269
Jun	35	91.10	Jun	269	269
Jul	35	91.10	Jul	269	269
Aug	35	91.10	Aug	269	269
Sep	35	91.10	Sep	269	269
Oct	35	91.10	Oct	269	269
Nov	35	91.10	Nov	269	269
Dec	35	91.10	Dec	269	269
Crops, lbs. cents/lbs			Crops		
Dec	33	61.60	Dec	363	363
Jan	33	63.06	Jan	363	363
Feb	33	63.45	Feb	363	363
Mar	33	63.45	Mar	363	363
Apr	33	63.45	Apr	363	363
May	33	63.45	May	363	363
Jun	33	63.45	Jun	363	363
Jul	33	63.45	Jul	363	363
Aug	33	63.45	Aug	363	363
Sep	33	63.45	Sep	363	363
Oct	33	63.45	Oct	363	363
Nov	33	63.45	Nov	363	363
Dec	33	63.45	Dec	363	363
Crops, lbs. cents/lbs			Crops		
Dec	30	77.50	Dec	72	72
Jan	30	77.50	Jan	72	72
Feb	30	77.50	Feb	72	72
Mar	30	77.50	Mar	72	72
Apr	30	77.50	Apr	72	72
May	30	77.50	May	72	72
Jun	30	77.50	Jun	72	72
Jul	30	77.50	Jul	72	72
Aug	30	77.50	Aug	72	72
Sep	30	77.50	Sep	72	72
Oct	30	77.50	Oct	72	72
Nov	30	77.50	Nov	72	72
Dec	30	77.50	Dec	72	72
Crops, lbs. cents/lbs			Crops		
Dec	30	77.50	Dec	72	72
Jan	30	77.50	Jan	72	72
Feb	30	77.50	Feb	72	72
Mar	30	77.50	Mar	72	72
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4.28	116.14	124.54	Mar	41.88
3.02	123.88	127.83	May	42.95
			Jul	43.88
			Aug	42.15



# FINANCIAL TIMES ARCHITECTURE AT WORK AWARD 1991

## Assessors Report/Winner

There were almost 100 entries for the 1991 Award and after consideration of a long shortlist the assessors: Lord Gibson, Nicholas Grimshaw and John Outram gave the 1991 Financial Times Architecture at Work Award to: RMC House, Egham, Surrey designed by Edward Cullinan Architects.

### 1: RMC House, Egham, Surrey

**Architect:** Edward Cullinan Architects Ltd  
**Engineer:** YRM Anthony Hunt Associates Ltd  
**Client:** RMC Group Plc  
**Contractor:** Trafalgar House Construction Management Ltd

The award was given to this project because almost all of its effect is the product of its architecture: its disposition of the fundamental architectural elements of earth, sky and light by means of the basic architectural elements of the floor, roof, wall, column, etc. It does not seek to replace architecture by mechanical gadgets, high quality external floorscaping or expensive dadding finishes.

In this it must be pointed out, yet once more, that the Architect who builds for a distinct Client who can respond, if necessary, in an unconventional way to the far from ordinary problems that 'ordinary' development often throws up, begins the race to the FT Award with a certain advantage.

What makes the RMC building an architectural strategy of the first class is Cullinan's final subterfuge, which is to re-build the complete kitchen garden upon the roof of the office building.

A charming architectural ensemble has resulted from this clever response to the oppressive problems that beset the builder of large new buildings in what everyone still likes to imagine is the unspoiled countryside. The workplace of the RMC staff is provided with pleasant toilet courts, both external and internal, one of which houses a magnificent swimming pool whose ozone-rich dampness is separated from the entrance hall only by a diaphanous forced-air-curtain. The visitor sweeps into a circular court that feels uncannily like an underground grotto and then after climbing only one storey to the directors dining rooms, he finds himself looking out over the lush roof-gardens and the surrounding countryside, as if set upon a high terrace, a veritable hanging gardens.

RMC, even though it is such a "defensive" response to the problem of how to build out in the suburban maelstrom of gravel-pits, overflying aircraft and paranoid local residents, helps to lift our ambition a little and to show us the big sweep of the great architectural wood that lies beyond the trees to which most architects confine their attention during the day-to-day labours of modern building.

## Commendations

**Two Buildings at Stockley Park, Uxbridge.** Stockley Park represents a truly impressive record of close control of design lasting over many, many years and many, many aspects. There is a feeling, within the gates of Stockley, that one has at last entered a world in which design matters. It has set a standard for Business Park Design that is second to none in Britain, and, in Europe.

### 2: 'B1' Building - Hasbro Bradley - Stockley Park, Uxbridge, Middlesex

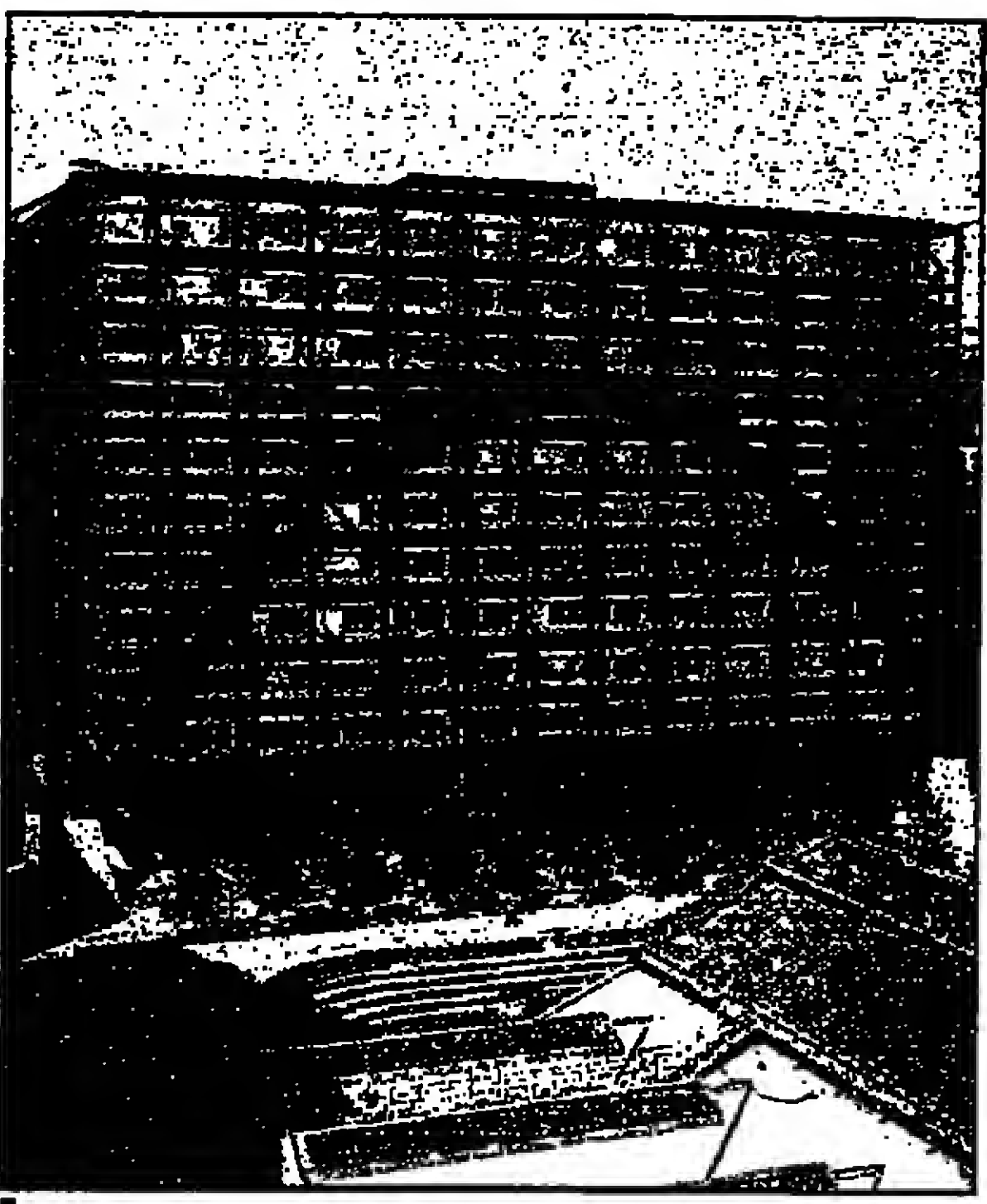
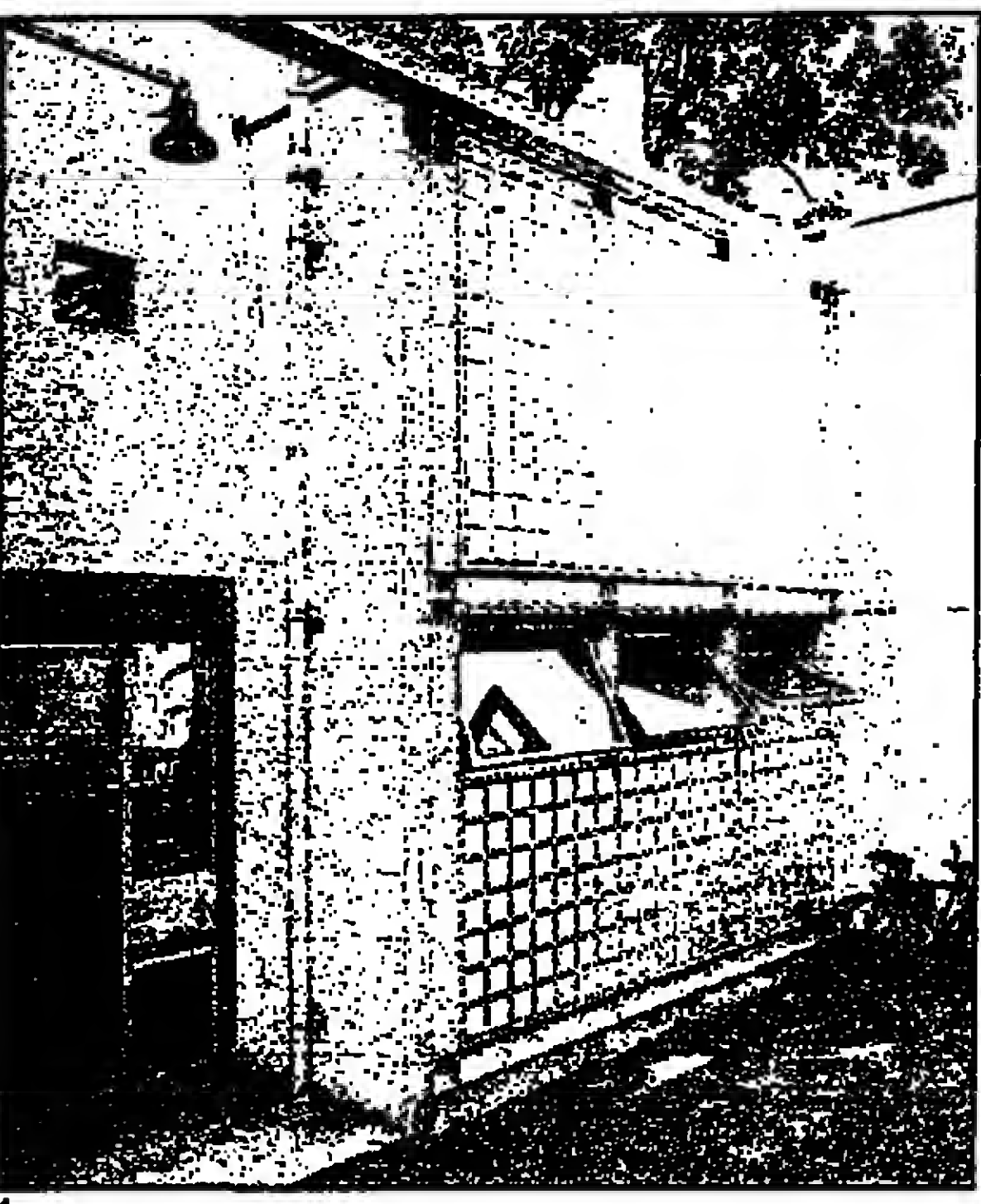
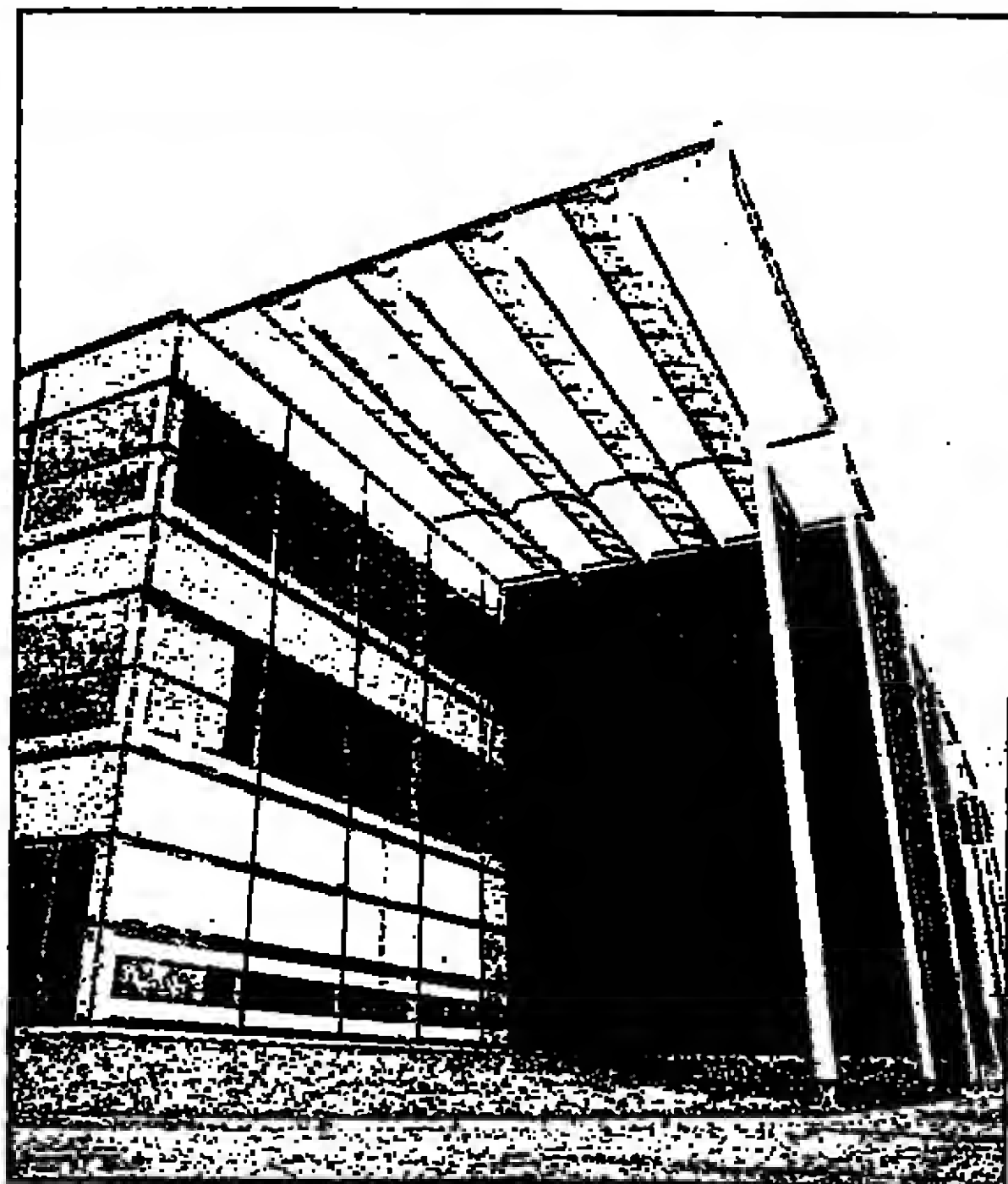
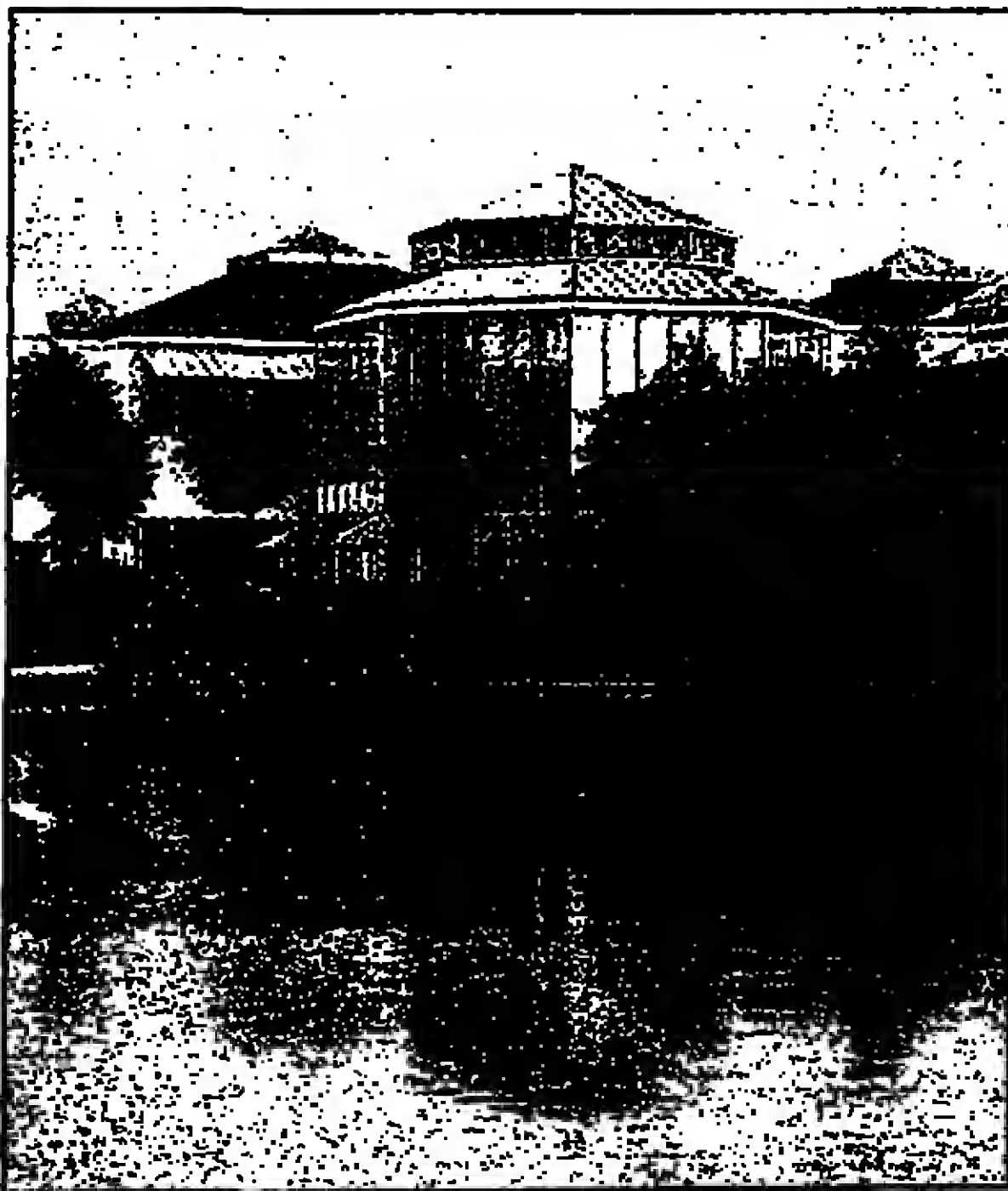
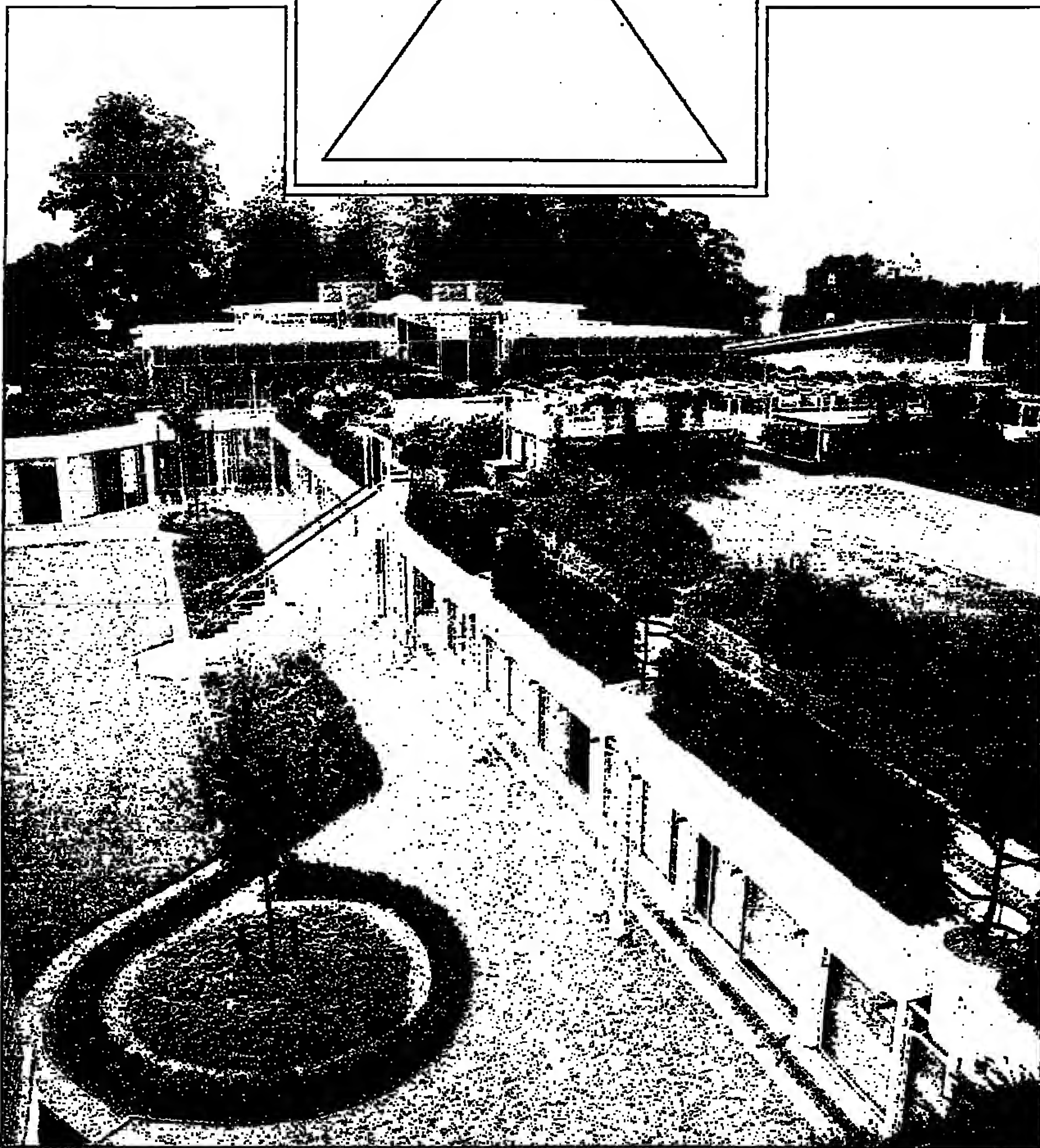
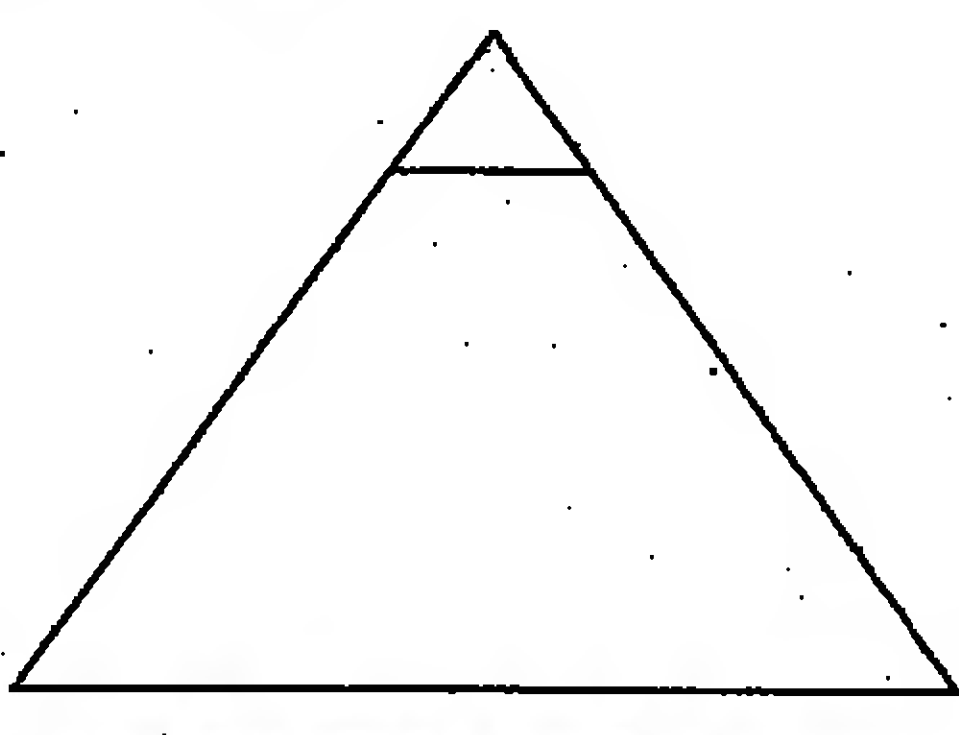
**Architect:** Arup Associates  
**Engineer:** Arup Associates  
**Client:** The Stockley Park Consortium Plc  
**Contractor:** Schal International Limited

The new European headquarters for the American company Hasbro Bradley (UK) Limited, one of the world's leading toy-makers, is located on a focal site at the centre of Stockley Park in Uxbridge, Middlesex. Designed by Arup Associates, this building on Roundwood Avenue overlooks one of the newly created lakes on the north-eastern edge of the first phase of this business park which has been created on formerly derelict land near Heathrow Airport. It closes the vista of the principal road entrance into Stockley and provides a total of 9514 sq.m. of space planned on two floors focussed around a sculpted glass pavilion.

As well as providing a range of different types of office workspaces, this new headquarters building accommodates a range of showrooms and display spaces together with a presentation suite which has been specially designed for product demonstrations. An octagonal conservatory houses a coffee lounge with a mezzanine dining area on the upper floor.

Arup Associates designed the Hasbro building and, working closely with the client and the American designers Sussman Prejza of Santa Monica, developed a concept for the interior design and fitting out. This concept was based on the use of natural timbers and a palette of pastel colours selected to provide a background to the lively colours of the products on

## FINANCIAL TIMES ARCHITECTURE AT WORK AWARD 1991



display and the artwork which was to be exhibited within the building. Special light fittings for the restaurant and the public areas of the building were designed in collaboration with consultants Derek Philips Associates.

The jury admired the consistency of Arup Associates approach to "buildings in the landscape" at Stockley Park and feel that the aesthetic of the lakeside pavilion has been successful. The internal planning of the building and the incorporation of a fascinating collection of contemporary art makes for an agreeable working environment.

### 3: 'B8' Building - Stockley Park, Uxbridge, Middlesex

**Architect:** Ian Ritchie Architects  
**Engineer:** Ove Arup and Partners  
**Client:** Stockley Park Consortium Limited  
**Contractor:** Schal International Limited

Ian Ritchie's building was, without doubt, the most aesthetically refined of any of the buildings that we saw this year. It is also the most poetic response to the banal commercial formulae that the developers of Stockley Park impose upon their Architects. By deaving to the formula, as if to a sacred text, it reveals its spiritual, its intellectual emptiness. But that is the devastating effect of all real art, to tell the truth about its subject. The question that the critics, and the panel face, before the essentially tragic application of such a poetic intensity to such banal intentions, is, does one award the singer, or the song?

Ritchie's building is awarded a Commendation for a perfect elegance of design, in spite of, or even, perhaps, because of, the rigorous banality of his brief.

### 4: Studios, Agar Grove, Camden Town, London NW1

**Architect:** David Chipperfield Architects  
**Engineer:** Price and Myers  
**Client:** Derwent Valley Holdings Plc  
**Contractor:** E C Sames

The Studios occupy a 'backland' site behind some large, cream-painted, 19th century terrace-houses. The road to them turns into gravel and small trees clump into informal groups. The buildings present a face that is cool and well-mannered, creamy-grey concrete, glass block and steel, with the kind of big hardwood pivot doors canonised by 'Corbu'. We have left the hectic commercial type of big-bang transatlantic megablocks and entered the world of a developer and an Architect who set themselves to find a Clientele who preferred other values.

The creation of a group of buildings with the qualities of this group of commercial studios has always been unusual in Britain. We lack the preconditions, in our national history, for this degree of radical environment deracination. Or to put it another way, we feel freer to project alternative mythic narratives out into the public space of our cities. We are, as a culture, more garrulous with our public architecture than most of our European neighbours, who prefer, as Miles put it, to say more with less. It is arguable that our freedom enables British architecture to react more aggressively to the monstrous challenges of contemporary urbanisation. Agar Grove is a quiet, sylvan backwater, in which these chaste studios rest very seemingly.

However, all agreed that these Studios represented an accomplished and beautiful exercise of the refined architectural manners for which David Chipperfield has rightly come to be renowned.

### 5: Exchange House, Primrose Street, London EC2

**Architect:** Skidmore Owings and Merrill  
**Engineer:** Skidmore Owings and Merrill  
**Client:** Rosehaugh Stanhope Developments Plc  
**Contractor:** Bovis - Schal Joint Venture


Of all the buildings in the great Broadgate development, it is Exchange House that communicates most clearly that these are buildings which derive from a close working relation between Rosehaugh-Stanhope and British Rail. Unfortunately, however, it is the very element that dramatises this point which caused this building to narrowly miss being chosen as this year's winner. The great arch that curves over the railway tracks into Liverpool Street, and from which the whole building is so magnificently and heroically suspended in mid-air, is made of a series of straight lengths. The judges felt that the failure to curve the steel of this unique element, the key to the whole identity of the building, was a major error of judgement that could not be recuperated, even by the very generously funded and inventively-designed piazza with its beautiful Botero sculpture. It is, after all, the FT prize for Architecture, not paving and sculpture. The judges felt that the building was a very well-deserved Commendation.

For a copy of the awards brochure please send an A4 stamped addressed envelope to  
 PR Department, Financial Times, Number One Southwark Bridge, London SE1 9HL



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Food Management - Concl.					
54	71.41	72.58	78.39	6.11	
54	53.03	52.38	53.34	4.61	
54	64.73	65.89	65.39	6.33	
54	65.54	66.22	67.79	4.55	
54	43.34	43.70	43.98	4.55	

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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Rate worries weaken dollar

THE DOLLAR tumbled to an eight-month low against the D-Mark yesterday as the US currency fell prey to worries about the American economy sliding back into recession and a possible rise in German interest rates.

Suggestions that the Federal Reserve will respond to the growing signs of weakness in the US economy by cutting the discount rate to 4% per cent from 5% later this week continued to undermine the dollar.

In the three trading days since the Fed reduced a key short-term money market rate by 1/4 point to 5% per cent, the dollar has fallen against the D-Mark by 6 pence or 3.5 per cent.

The dollar opened steadily in Europe after the large decline in late New York trading on Friday, but it was undermined throughout the session by a steady flow of selling. At one stage it was as low as DM1.6300 before recovering to close at DM1.6390 in New York.

With no important US economic data to be released this week, currency analysts believe the dollar is set to trade in a new, lower range.

Mr. Jeremy Hawkins, senior economic adviser at Bank of America, expected the dollar to hold above support at DM1.6350 but not to break

above DM1.6500, the point which until Friday had been the dollar's main support level over the last eight months.

The Federal Open Market Committee meets today and is widely expected to authorise a reduction in the discount rate.

A resurgent D-Mark was the other factor putting pressure on the dollar as talk that the Bundesbank could decide to raise interest rates at its council meeting on Thursday circulated around the market.

German money market rates were firmer and government bonds weaker. Dealers believed the Bundesbank is becoming concerned at the unexpectedly strong growth in the money supply and the potentially inflationary consequences of the forthcoming wage round.

Most analysts, however, felt

that with the threat of recession still hanging over the German economy, the Bundesbank will want to see clearer signs of inflationary pressures before moving on rates. The D-Mark closed at Y79.02-10, up from Y78.38-58.

Sterling held firm against the D-Mark as the threat of intervention by the Bank of England continued to provide support. But the pound is also on hold before the three elections this week. It closed unchanged at DM2.9650 while ending at a seven-month high against the weakening dollar at \$1.7805, up from \$1.7496.

The Bank of England's sterling index rose 0.5 to 91.3. In New York the pound ended 70 points to end at \$1.7735.

The price was firm as the Bank of Spain again held its key money market rate at 12.6 per cent. The D-Mark ended at Pr62.89-92, down slightly on the previous day's close.

## EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% Spread	Difference
Spanish Peseta	166.636	166.636	-0.04	0.00	0.00
Belgian Franc	20.336	20.336	-0.01	0.00	0.00
French Franc	6.554	6.554	-0.01	0.00	0.00
Italian Lira	200.484	200.484	-0.01	0.00	0.00
Dutch Guilder	2.203	2.203	-0.01	0.00	0.00
Swiss Franc	2.0	2.0	-0.01	0.00	0.00
Portuguese Escudo	200.484	200.484	-0.01	0.00	0.00
Irish Punt	7.875	7.875	-0.01	0.00	0.00
Spanish Peseta	166.636	166.636	-0.04	0.00	0.00
Belgian Franc	20.336	20.336	-0.01	0.00	0.00
French Franc	6.554	6.554	-0.01	0.00	0.00
Italian Lira	200.484	200.484	-0.01	0.00	0.00
Dutch Guilder	2.203	2.203	-0.01	0.00	0.00
Swiss Franc	2.0	2.0	-0.01	0.00	0.00
Portuguese Escudo	200.484	200.484	-0.01	0.00	0.00
Irish Punt	7.875	7.875	-0.01	0.00	0.00

Source: Reuters. All rates are for 100 units of the foreign currency against 100 units of the dollar. Percentages show the change from the previous day's closing rate.

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## FINANCIAL FUTURES AND OPTIONS

## LIVE LONG CITY FUTURES OPTIONS

150,000 64ths of 100%				
Strike	Call	Put	Settlements	
Price	Dec	Mar	Dec	Mar
91	3.39	4.02	0.01	0.30
92	2.40	3.14	0.02	0.32
93	1.45	2.31	0.07	0.49
94	0.59	1.54	0.21	1.08
95	0.25	1.21	0.51	1.77
96	0.09	0.60	1.35	2.14
97	0.03	0.42	2.29	2.60
98	0.02	0.28	3.28	3.46



## WORLD STOCK MARKETS

## AUSTRIA

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## FRANCE (continued)

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## GERMANY (continued)

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## NETHERLANDS

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## SWEDEN (continued)

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## FINLAND

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## JAPAN

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## KOREA

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## HONG KONG

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## TAIWAN

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## THAILAND

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## MALAYSIA

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

## SINGAPORE

Stock	Price	Change
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20
Alpine Airlines	2,300	-20

OT 10/11/91

CANADA											
TORONTO				MONTREAL				MONTREAL			
Stock	Price	Change	Stock	Price	Change	Stock	Price	Change	Stock	Price	Change
4:00 pm prices November 4											
Quotations in cents unless marked \$											
100 Alcan Pk	515 1/2	1/2	15	15 1/2	+	100000 Seaport H	276	225	200	200	+
8000 Agropur	425		100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
27200 Air Gas	58 1/2	1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
16200 Alanta En	51 1/2	1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
12000 Alanta En	51 1/2	1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
180700 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
60000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
11000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
20000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
30000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
40000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
50000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
60000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
70000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
80000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
90000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
100000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
110000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
120000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
130000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
140000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
150000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
160000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
170000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
180000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
190000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
200000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
210000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
220000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
230000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
240000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
250000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
260000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
270000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
280000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
290000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
300000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
310000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
320000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
330000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
340000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
350000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
360000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
370000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
380000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
390000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
400000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
410000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
420000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
430000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
440000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
450000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
460000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
470000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
480000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
490000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
500000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
510000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
520000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
530000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
540000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
550000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
560000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
570000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
580000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
590000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
600000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
610000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
620000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
630000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
640000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
650000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
660000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
670000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
680000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
690000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
700000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
710000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
720000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
730000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
740000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
750000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
760000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
770000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
780000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
790000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
800000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
810000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
820000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
830000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
840000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
850000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
860000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
870000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
880000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
890000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
900000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
910000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
920000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
930000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
940000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
950000 Alcan Al	52 1/2	2 1/2	100000 Seaport H	276	225	1800 Seaport H	276	225	200	200	+
960000 Al											

INDICES											
NEW YORK					LONDON						
DOW JONES					1991			1991			
	Nov	Nov	Oct	Oct		Nov	1	Oct	1	1991	
	4	1	31	30	HIGH	LOW	HIGH	LOW	HIGH	LOW	
underbars	3005.62	3056.35	3099.10	3071.78	3077.15	3070.33	3072.15	3071.25	1681.7	1681.7	1284.5 (10/31)
					3075.15	3070.33	3072.15	3071.25	1681.7	1681.7	561.5 (10/31)
Home Bases	97.54	97.40	97.21	97.20	97.55	97.40	97.55	97.40	1681.7	1681.7	
Transport	1281.02	1280.63	1283.97	1282.32	1287.50	1287.50	1287.50	1287.50	1681.7	1681.7	
Utilities	215.70	215.64	216.01	216.57	216.75	216.75	216.75	216.75	1681.7	1681.7	
400's High & Low (1991) High & Low (1991) 3071.75 3071.75											
STANDARD AND POOR'S											
Composite 1	390.28	391.32	392.45	392.96	396.64	311.49	396.64	4.40	1681.7	1681.7	
					472.01	364.90	472.01	3.62	1681.7	1681.7	
Financial	31.56	31.80	32.05	32.10	32.08	31.56	32.08	0.52	1681.7	1681.7	
NYSE Composite											
	215.43	216.01	216.54	216.48	217.17	170.97	217.17	4.40	1681.7	1681.7	
Amer. Util. Value	384.10	386.85	387.31	384.18	387.31	296.72	387.31	90.59	1681.7	1681.7	
NASDAQ Composite	537.50	540.93	542.98	541.32	542.98	355.75	542.98	87.23	1681.7	1681.7	
Dow Industrial Div. 1991											
	3.03	3.09	3.00	4.08	3.03	2.84	3.03	0.19	1681.7	1681.7	
S & P Industrial Div. 1991											
	2.71	2.73	2.68	3.44	2.71	2.54	2.71	0.17	1681.7	1681.7	
NEW YORK ACTIVE STOCKS											
TRADING ACTIVITY											
1 Volume Nov 1 Millions Nov 1 Oct 1											
Monday											
Market Emery	4,557,100	84	+	+	New York SE	155,530	205,750	179,490			
RJH Industries	3,443,900	114	+	+	AMERX	12,342	13,677	20,106			
Home Run	2,260,000	114	+	+	AMERX	10	205,428	220,314			
CJS Inc.	2,075,000	26	+	+	NYSE						
Pennaco	1,868,700	214	+	+	Issues Traded	2,132	2,120	2,145			
Home Run	1,557,700	124	+	+	Rates	652	746	913			
Com. Pwr.	1,533,700	12	+	+	Falls	948	813	948			
Telecom	1,533,400	14	+	+	Unchanged	512	542	508			
Transfers	1,426,400	114	+	+	New Highs	58	111	119			
Telephone	1,423,100	184	+	+	New Lows	12	12	12			
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CANADA										
TORONTO					MONTREAL					
Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991	
4	1	31	30	HIGH	LOW	4	1	31	30	
Metals & Minerals	3031.54	3013.57	3036.01	3004.25	3299.94 (18/7)	2632.06 (9/1)	3031.54	3013.57	3036.01	3004.25
Composites	3517.71	3512.58	3515.76	3497.60	3652.07 (7/6)	3161.95 (15/1)	3517.71	3512.58	3515.76	3497.60
MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

NEW ZEALAND										
Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991	
4	1	31	30	HIGH	LOW	4	1	31	30	
Metals & Minerals	3031.54	3013.57	3036.01	3004.25	3299.94 (18/7)	2632.06 (9/1)	3031.54	3013.57	3036.01	3004.25
Composites	3517.71	3512.58	3515.76	3497.60	3652.07 (7/6)	3161.95 (15/1)	3517.71	3512.58	3515.76	3497.60
MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

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Metals & Minerals	3031.54	3013.57	3036.01	3004.25	3299.94 (18/7)	2632.06 (9/1)	3031.54	3013.57	3036.01	3004.25
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Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991	
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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

NEW ZEALAND										
Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991	
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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

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Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991	
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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

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Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991	
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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

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MONTREAL Portfolio	1057.33	1054.94	1054.31	1055.00	1903.86 (7/6)	1666.89 (9/1)	1057.33	1054.94	1054.31	1055.00

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composites and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 1971/72. \* Excluding bonds, securities, utilities, Financial and Transportation. (C) Closed. (U) Unavailable.

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Nov	Nov	Oct	Oct	1991	Nov	Nov	Oct	Oct	1991
4	1	31	30	HIGH	LOW	4	1	31	30
Metals & Minerals	3031.54	3013.57	3036.01	3004.25	3299.94 (18/7)	2632.06 (9/1)	3031.54	3013.57	30

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EUROPE'S BUSINESS NEWSPAPER

## JOTTER

## CROSSWORD

Across	Down
1. A large body of water	1. A large body of water
2. A large body of water	2. A large body of water
3. A large body of water	3. A large body of water
4. A large body of water	4. A large body of water
5. A large body of water	5. A large body of water

## JOTTER

## CROSSWORD

Across	Down
1. A large body of water	1. A large body of water
2. A large body of water	2. A large body of water
3. A large body of water	3. A large body of water
4. A large body of water	4. A large body of water
5. A large body of water	5. A large body of water

## JOTTER

## CROSSWORD

Across	Down
1. A large body of water	1. A large body of water
2. A large body of water	2. A large body of water
3. A large body of water	3. A large body of water
4. A large body of water	4. A large body of water
5. A large body of water	5. A large body of water



## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

**Marlboro**

**20 CLASS A CIGARETTES**

Continued on next page

TV



## NYSE COMPOSITE PRICES

1991 High Low Stock				1991 High Low Stock				1991 High Low Stock				1991 High Low Stock				1991 High Low Stock						
Div. Vol. 1,000				Div. Vol. 1,000				Div. Vol. 1,000				Div. Vol. 1,000				Div. Vol. 1,000						
Continued from previous page																						
61%	37	Barclays	0.34 0.01 51	82	80	60	4	31	41	TCR	0.06 0.01 11	24	8	5	6	28	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	28	25	26
15%	15	Bell	0.04 0.01 13	15	15	15	1	21	21	Tele	0.01 0.01 1	1	1	1	1	21	21	Unicom	0.70 0.03 20	2		

**NASDAQ NATIONAL MARKET**

4:00 pm prices November 4

[illegible]

## AMEX COMPOSITE PRICES

4:00 pm prices November 4

Stock	DIV.	P/E	52 Wk. High	Low	Close	Change	Stock	DIV.	P/E	52 Wk. High	Low	Close	Change	Stock	DIV.	P/E	52 Wk. High	Low	Close	Change
Admiral Corp		2	3 3/4	3 1/4			GM Corp		0	17 1/2	1 1/4	1 1/4		Health Co		8	1 1/4	1 1/4		
Admiral Corp	0.07	43	38	19	18 1/2	+1 1/2	GM Corp	0.01	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Alcoa Inc		10	15 1/2	15 1/2			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Allstate Ins		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	77	2 1/2	3 1/2	3 1/2		Health Co	0.10	3	24	3	2 1/2	
Aluminum Co		0	155	0			GM Corp	0.03	7											

## BASLE & THE UPPER RHINE

**The FT proposes to publish the above survey on 19th November 1991**

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\*Source: Chief Executives in Europe 1990

**FINANCIAL TIMES**

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Data source: Professional  
Investment Community  
1991 (MPG Inc)

## FT SURVEYS



# AMERICA Late buying cuts initial drop on bond yields rise

## Wall Street

ALTHOUGH concern about the US economy and a rise in long-dated bond yields left share prices lower yesterday, a late round of buying helped to limit the damage, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was down 10.74 at 3,045.61, well above the day's low of around 3,000. The more broadly based Standard & Poor's 500 ended 1.05 off at 390.37, while the Nasdaq composite of over-the-counter stocks continued to retreat from last week's record high, losing 3.43 to 597.50. Volume on the New York SE was well down on recent sessions at 156m shares.

The sluggish nature of the economic recovery continued to trouble equity investors, although hopes that the Federal Reserve would soon cut interest rates in an attempt to breathe life into the economy helped provide some ballast. A rise in bond yields, however, unsettled the market.

The headline loss in the Dow was exacerbated by the fact that two big stocks, IBM and Texaco, went ex-dividend. IBM fell \$1.40 to \$97 and Texaco lost \$2 to \$64.4.

Compaq dropped \$1.40 to \$26.64 on volume of 1.5m shares on unfavourable reports that Mr James Harris, co-founder, and two fellow senior executives had left the company two weeks ago, another co-founder, Mr Rod Canion, was fired as the computer manufacturer's president and chief executive officer.

American Express eased \$2 to \$18.74 in active trading after Moody's Investors Service, the US ratings agency, downgraded the group's long-term debt. The downgrading, which affected about \$7bn in securities, followed American Express's poor third-quarter results, and was made because of Moody's concern about asset quality and growing challenges to the group's core credit card and travel-related services businesses.

Lockheed moved against the trend, rising \$2 to \$46.75 after

the defence and aerospace group authorised a buy-back of up to 4m common shares.

Bank issues were mostly weaker in spite of the talk about lower interest rates and new government policies to make it easier for banks to lend. Salomon moved ahead \$1.40 to \$29.94 on turnover of 1.1m shares amid talk that a lone buyer has been picking up large amounts of stock lately.

Carroll, the movie production group, eased \$2 to \$5.40 after it revealed that almost half of the \$65m in convertible securities privately placed with investors had been bought by two groups from Italy and Japan.

Autodesk dropped \$4 to \$37.75 after Dean Witter and Prudential Securities reduced their earnings estimates for the company because of recent poor sales.

## Canada

TORONTO stocks recovered from an opening downturn to end mixed after the US Treasury's sale of three and six-month bills went as expected.

The composite index ended just 0.8 down at 3,511.8 and rises narrowly led declines by 286 to 261 after thin volume of 21.6m shares.

Traders said they were watching the bond market for direction ahead of the US Federal Reserve's Open Market Committee meeting today and the treasury refunding.

Canadian Pacific reported a third-quarter loss of C\$51.8m, including a C\$42.5m gain from the sale of CP Forest's tissue business, and a C\$101m share in Laidlaw's write-down of its 40.8% stake in ADT Ltd. CP earned C\$74.3m a year ago. The stock was up C\$2 at C\$19.

## SOUTH AFRICA

JOHANNESBURG showed little reaction as millions of black South Africans went on strike. The all-share index eased 10 to 3,501. The all-gold index fell 20 to 1,145, but the industrial index ended 3 higher at 4,287.

# Equity markets focus on US economic prospects

## MARKETS IN PERSPECTIVE

	% change in local currency	% change in US \$	% change in US \$
	1 Week	4 Weeks	1 Year
Austria	-5.89	-14.06	-13.91
Belgium	-0.41	+0.80	+4.49
Denmark	-0.01	+1.39	+12.52
Finland	-0.33	-0.76	-5.96
France	+1.40	+0.42	+14.42
Germany	-0.06	-0.15	-1.43
Ireland	+0.96	+0.60	+10.47
Italy	-0.49	-4.17	-10.21
Netherlands	-0.05	+0.97	+18.01
Norway	-0.77	-4.35	-9.87
Spain	+0.34	+0.39	+16.32
Sweden	+1.33	-0.29	+19.87
Switzerland	-0.50	+0.01	+21.21
UK	+1.39	-2.63	+25.97
EUROPE	+0.89	-1.58	+15.96
Australia	+2.63	+5.60	+32.98
Hong Kong	+1.82	-0.99	+37.56
Japan	+0.13	-0.19	+8.55
Malaysia	+1.43	+6.08	+4.86
New Zealand	+2.39	+7.33	+9.04
Singapore	+0.12	+4.87	+23.40
Canada	+2.14	+4.18	+10.47
USA	+2.00	+2.75	+28.77
Mexico	+0.09	+8.43	+147.74
South Africa	+1.36	+4.07	+32.59
World Index	+1.06	+0.87	+18.58

Based on November 1st 1991. Copyright: The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities

## EUROPE

# Total helps French oil sector shine as bourses weaken

A GENERAL mood of depression in bourses yesterday was not improved, among late closing markets, by the weak start on Wall Street, writes Our Markets Staff.

PARIS featured another strong performance by oil shares, although the bourse was dragged lower by modest selling of other blue chips. Sen- timent was depressed by Wall Street's early fall and the weakness of the French franc against the D-Mark, making an interest rate cut less likely.

The CAC 40 index closed 15.16 lower at 1,841.51. Turnover halved from Thursday's FF4.4bn. Total, which is to be included in the CAC 40 index early next month, jumped to a day's high of FF1,000 before closing FF1,220 or 2.3 per cent up at FF1,285 in fairly heavy volume of 222,000 shares. The stock, which had already been popular in the run-up to its share issue and New York listing on October 25, has risen 30 per cent from FF759 at the end of June.

In the same sector, Elf Aquitaine hit a day's high of FF1,180 before ending FF1,175 at FF1,144 in 302,600 shares.

SAFARI, the pharmaceuticals arm, fell to a day's low of FF1,006 before finishing FF1,009 at FF1,015. Analysts were mildly disappointed with the limited US approval given to TIGL, its anti-stroke drug.

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## By William Cochrane

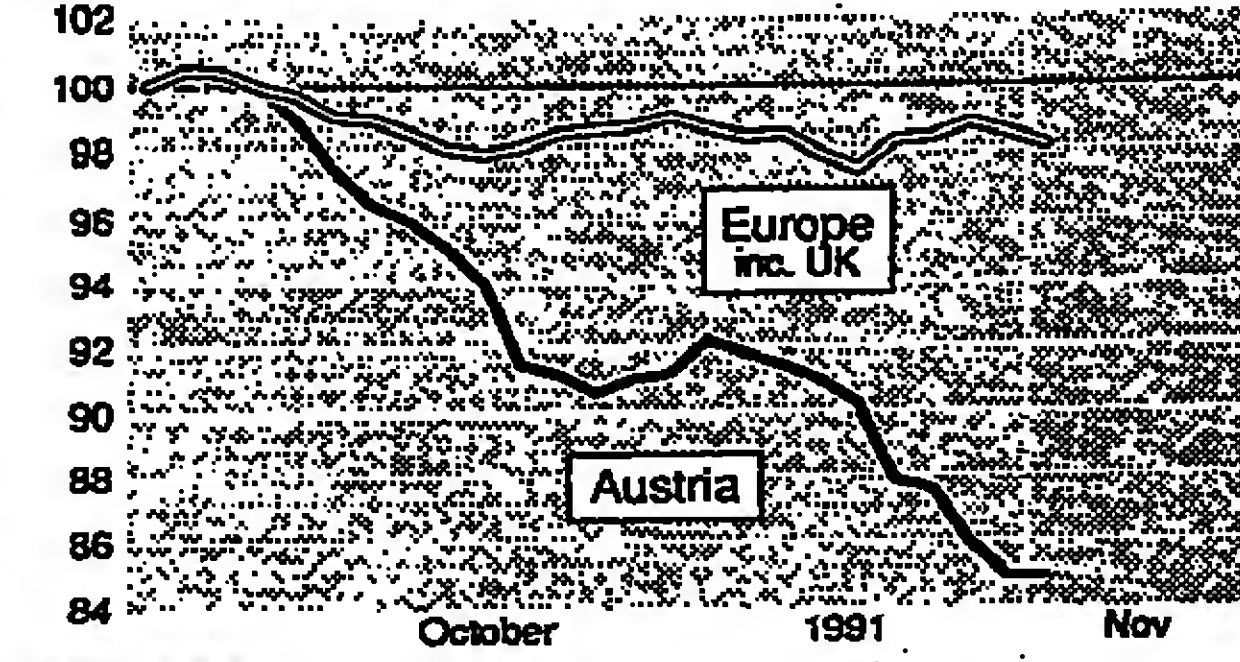
OVER THE past month, equity markets have focused on the prospects for the US economy. This was certainly true last week, when a recovery on Wall Street, followed by the UK, took the FT-Actuaries World Index up by 1.1 per cent in local currency terms after a 1.3 per cent fall the week before.

The US started well, making most of its net gains for the week on Monday, October 28 on the feeling that the Wall Street market had been over-sold in the week before. It moved higher amid rising hopes of a monetary easing, and a decline in bond yields, but closed the week in more subdued form.

Goldman Sachs International points to recent evidence that the US economy has turned more sluggish, but it maintains that the US is already in an economic recovery, has a moderately healthy growth rate in view and that, in consequence, it can be optimistic about prospects for world equity markets.

Japan, meanwhile, seems to

## FT-A World Indices in local currencies rebased



Source: Datastream

have lost momentum. The Tokyo equity market put up a useful increase over the month of October as a whole, but all of its net gains were registered in the first few days. Last week's 0.1 per cent rise leaves it with a 0.1 per cent decline over a four-week period, hopes of a further reduction in interest rates have had little effect on share prices yet, and earnings figures in the latest season of progress reports have been disappointing.

In an otherwise bullish Asia

Pacific region, Australia took over as the senior focus of investment attention, on expectations of an interest rate cut and news of a fall in inflation. New Zealand had a couple of good days, with foreign buying once again a strong influence, and Hong Kong moved up on the back of Wall Street, and buying of property shares.

Malaysia had its day on Friday. The country's government confounded analysts with a budget which pledged continued high growth for the econ-

omy, and which seemed to ignore the threat of fiscal overheating which had inspired fears of tax increases and other cooling-off measures. The market had second thoughts yesterday and fell back.

Europe, excluding the UK, stayed subdued with a rise of just 0.2 per cent. It has underperformed the rest of the world since mid-year, and consistently so over the past two months.

Even so, Austria sticks out like a sore thumb. Mr Nigel Spence of Baring Securities has just visited the country, his initial prognosis is that the Vienna market, relatively strong in 1990 when Oostphilly was still a positive influence, now needs "a macro-event of huge proportions" to bring it back into positive performance.

These could include:

• a recovery in western economies. Austria has some very high quality international companies which have suffered from economic slowdown;

• peace in Yugoslavia;

• or other eastern prospects, to give the "Gateway to the East" some renewed appeal.

## FT-SE Eurotrack 100 - Nov 4

Open	10 pm	11 am	12 noon	1 pm	2 pm	3 pm	Close
1081.77	1091.30	1090.87	1090.78	1090.40	1088.31	1087.87	1088.07
Day's High 1091.91 Day's Low 1087.36							
Nov 1 1085.11	Oct 31 1096.45	Oct 30 1101.22	Oct 29 1099.96	Oct 28 1097.04			

Base value 1000 (25/10/90)

cent in 1991. This incorporates falls of 22.5 per cent for chemical companies and 13.5 per cent for carmakers, and gains of 57.5 per cent for department stores and 5.5 per cent for construction.

The specific forecast came from Kauffh, the department store group, which said that its earnings could rise from DM18 a share in 1990 to DM30 in 1995. With the shares at DM152.50 yesterday, this puts it on a prospective p/e of 17 some four years hence which, said an analyst, was somewhat demanding of the years 1995-2000.

Elsewhere, Mannesmann fell DM4 to DM253 on reports that

Mobilfunk, a digital communications subsidiary, would be excluded from a potentially lucrative contract for antitrust reasons. Continental, the tyre-maker in co-operation talks with Pirelli SpA of Italy, rose DM2.30 to DM218.10 in turnover of DM62m, relatively high for this stock.

ZURICH's general worries, including high interest rates and signs of a possible recession in Switzerland, took the Credit Suisse index down 4.2 to 481.6. Volume was low.

Adia, the temporary employment company which said on Friday that it was negotiating the sale of a US operation, saw its bearers fall another Sfr38

to Sfr712 after Friday's drop of Sfr60.

MILAN fell in low volume, the Comit index losing 2.66 to 512.99 in turnover estimated at between L50bn and L70bn.

There were fears that mutual funds were having to sell equities and other instruments to meet redemptions. Mutual funds data for October are due out later this week and are expected to be poor.

Bucking the trend was the textiles group, Marzotto, up L49 at L6,349 on Friday's news that it had bought a majority stake in Hugo Boss, the German men's wear company. Analysts said Marzotto had paid just 12 times earnings for Boss compared with 20 times when the same stake was originally sold two years earlier, but that it might need to have a capital increase to restore its debt-equity ratio.

AMSTERDAM continued to be depressed by the weaker dollar. The CBS Tendency index fell 0.6 to 88.7 in thin turnover of F1422.8m.

KLM, which reports its quar-

terly figures this week, lost 50 cents to F157. The chemical group, Akzo, gained another 60 cents to F122.50, buoyed up by last week's pleasing third-quarter figures, while DSM declined 40 cents to F183.70.

OSLO was pulled down by an uncertain economic outlook, the all-share index falling 6.88 to 457.08 in turnover of Nkr200m. Haffslund Nycomed, which reported a rise in nine-month profits last week, rose against the trend, adding Nkr1.5 to Nkr258. But Norsk Hydro fell Nkr3 to Nkr161 in spite of firmer oil prices.

STOCKHOLM was also weaker ahead of the release of interim results. The Affarsvarden General index eased 1.8 to 1,015.3 in light turnover of Skr163m, after Skr141m in half-day trading on Friday.

MADRID fell sharply in thin volume. The general index shed 5.27 or 2 per cent to 263.50 in turnover of about Ptasbn, down from Ptas1bn.

HELSINKI hit a closing low for the year, the Hex index falling 3.9 to 826.1.

## ASIA PACIFIC

# Malaysia falls as budget enthusiasm fades

DOMESTIC economic and political news swayed Pacific Rim markets yesterday, in the absence of a lead from Tokyo which was closed for a holiday.

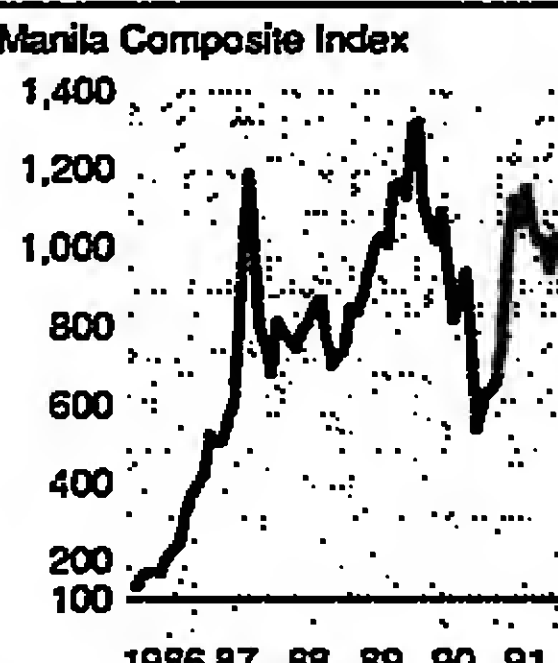
KUALA LUMPUR retreated in light trading as its initial enthusiasm for the government's 1992 budget, released on Friday, waned. The composite index lost 5.94 or 1.1 per cent to 531.09. Turnover shrank to M\$79m from M\$99m. The market is shut today for a holiday.

Investors were disappointed that the budget failed to address inflation and a growing trade deficit. Foreign investors were also unsettled by the 18 per cent increase in federal government spending, the bulk of which will pay for government workers' salary rises.

MANILA finished little changed, as investors waited for the first pronouncements of former First Lady Imelda Marcos, who returned to the Philippines yesterday. Mrs Marcos and her husband, the former dictator, fled the Philippines in late February 1986. Mr Marcos died in September 1989.

The composite index edged up 1.19 to 1,026.49 after the three-day weekend. Turnover

## Philippines



Source: Datastream

dipped to 72m pesos from 77m.

HONG KONG rallied in response to Friday's cut in local interest rates. The Hang Seng index jumped 45.32 to 4,083.04, only 10 points off its record high of 4,083.41 reached on October 3. Turnover grew to HK\$1.29bn from HK\$1.16bn.

Dealers said the market appeared to have discounted the anti-inflation measures which the government is due to announce tomorrow.

Finance stocks turned in the day's best gains, followed by

commercial and industrial issues. Bank of East Asia advanced 80 cents to HK\$21.80.

BANGKOK moved ahead in busy dealings on the prospect of lower interest rates, and a general election in April. The SET index gained 12.39 to 654.20 in turnover of B\$1.1bn.

SEOUL was unsettled by Friday's news that the tax authorities had ordered the founder of Hyundai Group to pay a record amount of penalty taxes for illegal stock transactions. The composite index was down 14.80 at 669.92 in turnover of Won205bn, after Saturday's half-day total of Won163bn.

There were fears that Chung Ju-yung, owner of Hyundai Group, would sell Hyundai shares to pay his record Won136bn penalty. Shares of most Hyundai Group subsidiaries plunged. Hyundai Engineering and Construction, the group's parent, fell its daily limit of Won800 to Won17,600.

AUSTRALIA slipped in trading subdued by Tokyo's closure and by the prospect of today's Melbourne Cup holiday in Victoria. The All Ordinaries index eased 2.3 to 1,581.7.

Turnover was boosted from

AS144m to AS348m by the sale of 22.5m shares, at AS\$5.05 each, in Mayne Nickless, the transport, healthcare and security company, by Amcor. Mayne added 10 cents at AS\$4.40 while Amcor shed 2 cents to AS\$6.40.

News Corp climbed 58 cents to AS15.32 before its quarterly results, due this week. Orbital Engine put on 15 cents to AS4.55, a post-1987 crash high, on hopes of a rally after its listing in New York.

NEW ZEALAND ended above its lows after late buying brought some relief. The NZSE-50 index closed 7.29 off at 1,597.04 in light turnover of NZ\$9.5m, down from NZ\$23m.

New Zealand Oil and Gas was the most active stock, rising 3 cents to 76 cents in volume of 970,000 shares. The company operates, and has a 32 per cent stake in, an exploration well in the Taranaki region, at which it has reported a minor flow of oil.

SINGAPORE finished mixed after earlier gains were eroded by profit-taking. The Straits Times index ended 2.24 up at 1,418.76 after turnover of S\$72m, against S\$97m. The market is closed today.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	MONDAY NOVEMBER 4 1991	FRIDAY NOVEMBER 1 1991	DOLLAR INDEX
Figures in parentheses show number of lines of stock	US Dollar Index	Pound Sterling Index	Yen Index
Australia (59)	159.46	+0.4	132.78
Austria (20)	159.32	+3.8	132.87
Belgium (47)	132.36	+1.8	110.73
Canada (118)	122.02	-0.2	111.57
Denmark (37)	262.94	+1.8	218.94
Finland (15)	86.89	+0.8	72.35
France (109)	144.92	+1.1	120.65
Germany (65)	159.91	+1.8	91.52
Hong Kong (58)	189.23	+1.1	140.08
Italy (77)	162.48	+0.9	135.23
Japan (474)	70.45	+1.2	56.63
Malaysia (59)	531.09	+0.8	132.03
Mexico (16)	132.35	+0.4	108.40
Netherlands (31)	143.83	+1.3	119.77
New Zealand (14)	49.37	+0.3	31.11
Norway (30)	173.42	+0.3	129.43
Singapore (36)	202.75	+1.6	168.82
South Africa (81)	259.24	+0.2	215.67
Spain (33)	154.23	+0.3	129.43
Sweden (25)	189.44	+0.9	157.74
Switzerland (59)	96.05	+1.5	79.98
United Kingdom (240)	180.88	+1.0	130.61
USA (526)	159.46	+0.4	132.78
World Index (2282)	149.10	+0.5	124.16

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Constituent change with effect 5/11/91: Addition: Bancor C (Mexico). Japanese market closed November 4.

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